

Exchange rates table with columns for location and rate.

No. 29,915



World news Business summary

S. African violence claims 2 deaths

Two black men were burned to death in South Africa and a policeman had a narrow escape when hand grenades hurled at his home failed to explode, police said.

British Telecom to raise \$500m

BRITISH TELECOM is returning to the international capital markets this week for the first time since its privatisation with a programme to issue up to \$500m worth of commercial paper in the US.

Worldwide spate of attacks on Britons, Americans

A YOUNG British tourist was shot dead in Jerusalem yesterday in a weekend of worldwide attacks on British and American people and property that were possibly provoked by the US attack on Libya.

Elsewhere, Mexican police removed an "explosive device" from a car near the US embassy in Mexico City. In Bahrain, the US communications officer who was shot in North Yemen on Friday was said to be making a good recovery yesterday.

Dutch campaign

Campaigning began officially at the weekend for Dutch general elections with opinion polls showing the centre-right Government of Prime Minister Ruud Lubbers in danger of losing its majority.

Belgian strike plan

State employees in Belgium are to hold a 24-hour strike on May 6 in protest against government economic austerity proposals, union officials said.

Ambassador named

Jordan has named an ambassador to Syria, its first for five years. Diplomatic ties between Jordan and Syria have been at the lowest level since 1981 after a deterioration in relations.

Waldheim invitation

Kurt Waldheim, the former UN secretary-general and candidate in Austria's presidential election on Sunday, has invited a World Jewish Congress official for talks in Vienna after the election to seek to clear the allegations about his wartime past.

Assembly in disarray

The first session of Sudan's newly elected Assembly broke up in disarray at the weekend. Members voted to meet again on May 6 after failing to agree on formation of the Government.

Chemical weapons

British Government has agreed to production of a new generation of chemical weapons by the US. The agreement will be formally conveyed to the US by a meeting of NATO ambassadors in Brussels today.

French N-test

France carried out its first nuclear test this year at Mururoa atoll, New Zealand scientists said.

Election violence

More than 300 people were wounded as rival Bangladesh political groups fought with knives and hockey sticks amid campaigning for the May 7 general election.

S. Korean rally

Riot police fired tear gas to disperse more than 1,000 student demonstrators in Chungju, South Korea, after an opposition rally calling for electoral reform.

Pasternak's works

A new edition of works by Boris Pasternak has been published in Moscow with some poems appearing for the first time.

Prost's grand prix

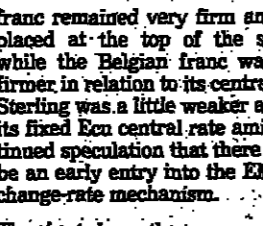
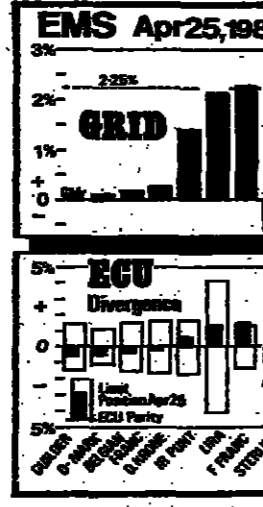
French driver Alain Prost won the San Marino grand prix at Imola, Italy, finishing nearly eight seconds ahead of Brazil's Nelson Piquet.

Fast Topaze wins

The favourite, Fast Topaze, trained by Mahmoud Fustok and ridden by Cash Asmusson, won the Poule d'Essai des Poulains at Longchamps.

EUROPEAN Monetary System

The Dutch government placed the D-Mark as the weakest member last week as further dollar weakness boosted the D-Mark. However, the Bundesbank left its discount rate unchanged despite calls for a reduction to match those announced in the US and Japan.



IMF warning on exchange rates burden

UNEXPECTED changes in exchange rates may still test efforts to improve the co-ordination of economic policies by the leading industrial countries, the International Monetary Fund (IMF) says.

Biggest advertising agency formed

BY WILLIAM HALL in New York THE WORLD'S biggest advertising agency group with annual billings of about \$30n has been formed by the merger of three of America's leading advertising agencies.

London's Big Bang legislation could face delay

By Alexander Nicol in London PASSAGE of the UK Financial Services Bill, which will establish a new regulatory structure for the City of London after the Big Bang reforms due in October, might be delayed until after the summer parliamentary recess.

UK seeks cuts of £3bn in defence budgets

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT MR GEORGE YOUNGER, the UK Defence Secretary, is expected to decide in the next month on ways of cutting at least £1bn (\$1,540n) from the British defence budget for each of the next three years.

First Interstate presses for BankAmerica link

BY WILLIAM HALL in New York FIRST Interstate Bancorporation, the Los Angeles-based banking group which earlier this year offered to rescue BankAmerica Corporation from the hostile approaches of Mr Sandy Weil, the former president of American Express, says that it is still interested in merging with the troubled West Coast banking giant.

Tiffany to reopen in London

BY WILLIAM HALL in New York TIFFANY & Co, the famous New York jeweller, which closed its fashionable shops in London and Paris during the Second World War, is to reopen in London as the first step in a European expansion that will be partly financed by local investors.

To see how Swindon works, look who's working there.

Advertisement for Swindon Enterprises featuring logos for Plessey, St Ivel, Austin Rover, and Radio Rentals, along with text describing their services.

CONTENTS table listing various sections and their page numbers.

Table of Contents continued with sections like Copyright law, Management, and US oil patch.

Contact Douglas Smith, Industrial Adviser, Civic Offices, Swindon. Tel: (0793) 26161. Telex: 444-449.

OVERSEAS NEWS

Waldheim seeks Jewish group talks

BY PATRICK BLUM IN VIENNA

DR KURT WALDHEIM, the former United Nations secretary-general and the leading candidate in Austria's presidential election on Sunday, has invited a senior World Jewish Congress official for talks in Vienna after the election to clear the allegations surrounding his wartime past.

18 per cent still undecided. A large majority of those polled believe that Dr Waldheim told the whole truth about his wartime past and only 2 per cent believe he was implicated in war crimes.

The controversy widened at the weekend following an unexpected statement of support for Dr Waldheim by Mr Helmut Kohl, the West German Chancellor.

War years as children. I sense an arrogance of the late-born which I find hard to bear," he said.

Tighter security after Lyons bomb blast

By David Housego in Paris

FRENCH POLICE have tightened security around the offices of British and US companies in Lyons after Saturday's bomb explosion in the building housing American Express offices.

South African mines braced for largest stoppage on May 1

BY JIM JONES IN JOHANNESBURG

SOUTH AFRICA'S mine-owners have spent the week-end preparing contingency plans for what they believe will be the largest-ever unofficial work stoppage by black miners on May 1.

On Friday the Rand supreme court refused an urgent application by the Chamber of Mines to prevent the National Union of Mineworkers (NUM) from calling a strike on May 1.

Sudanese deadlock over seat allocation

By John Murray Brown in Khartoum

THE first session of Sudan's new-elected assembly broke up in disarray over the weekend with members voting to meet again on May 6, having failed to reach agreement on forming a new government.

Italy's trade deficit down to L1,095bn

ITALY'S TRADE deficit totalled L1,095bn (£479m) in March, down from a deficit of L1,510bn in February and a L2,364bn deficit in March 1985, the national statistics institute said.

Japan starts work on bridge

BY CARLA RAPOPORT

JAPAN started work at the weekend on what it says will be the longest suspension bridge in the world at an estimated cost of nearly ¥1,000bn (£3,846bn).

The bridge, Akashi Kaikyo Ohashi, will provide the second and final link between Shikoku Island and Kobe, a major port city.

Kobe city officials said the bridge will be 333m high and 35.5m wide while the distance between its central support and the shore on either side will be 1,99km.

Turkey debt rises

Turkey had a total of \$25bn (£16.6bn) in foreign debt at the end of 1985 according to the central bank, an increase of \$3.72bn over the end of the previous year, reports David Barehard in Ankara.

Afghan leader fails to address parade

PRESIDENT Babrak Karmal missed Afghanistan's Revolution Day parade yesterday, fuelling rumours he was ill or out of favour, as the Soviet daily Pravda criticised his Government for not bringing reforms fast enough.

"failings which have hindered the revolutionary process in Afghanistan."

115,000 troops from Afghanistan and Pakistan are due to resume peace talks through a United Nations mediator in Geneva on May 5.

GE withdraws investment

BY JIM JONES IN JOHANNESBURG

GENERAL Electric of America has quit South Africa and sold its entire assets to local management for an undisclosed amount to be paid over a number of years.

The South African operations employ about 500 people and are mainly involved in repair and servicing of electrical equipment and assembly and manufacturing of electrical components.

Iran 'crushes attack'

Iran said yesterday its forces crushed an Iraqi dawn attack on the southern edge of the all-Black Majnoon islands in southern Iraq's Hawizah marshlands.

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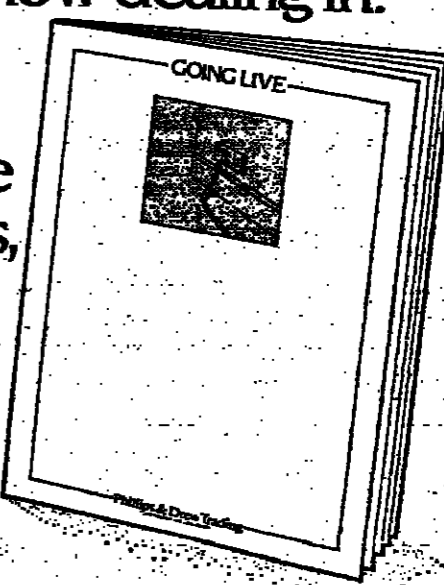


jobbers Edwards, Jones & Wilcox which we have moved to the City.

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Handwritten signature or scribble at the bottom of the page.

OVERSEAS NEWS

UK approves US plan for chemical weapons update

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT
THE BRITISH Government has agreed to the production of a new generation of chemical weapons by the US...

Peru makes payment of \$17.7m on debt interest

By Peter Montagna, Euromarkets Correspondent
PERU WILL today pay \$17.7m (£11.49m) in back interest to its commercial bank creditors...

IMF ISSUES WORLD ECONOMIC FORECAST

US caution needed to reduce deficit

BY STEWART FLEMING IN WASHINGTON
A MAJOR challenge for industrial nations in formulating macroeconomic policies is the need to gauge the global impact of US efforts to reduce its budget deficit...

to compensate for any tightening of US fiscal policy, the IMF says it is important that the tendency of market interest rates to decline in response to reduced Government demands for credit be accommodated...

Oil prices 'likely to rise again by 1995'

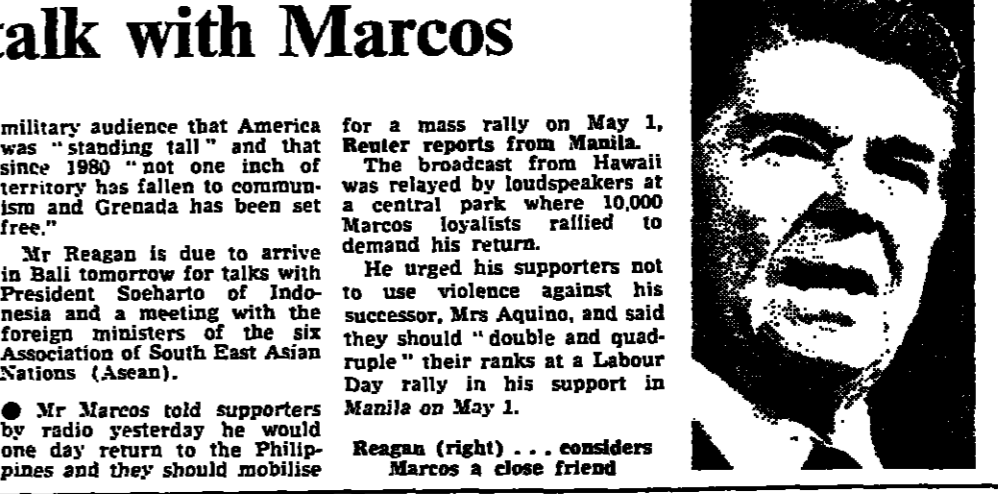
WORLD oil prices could drop from \$10 a barrel this year to \$5 by 1995, but they are likely to go back up to \$25 to \$32 a barrel by the end of the next decade...

Argentina wants debt extension

ARGENTINA is to seek a further six-month extension of public and private sector debt maturities amid signs that it is making only slow progress in talks with the International Monetary Fund...

Reagan in telephone talk with Marcos

BY REGINALD DALE IN HONOLULU
PRESIDENT Ronald Reagan, would visit the US at Mr Reagan's invitation, probably in the autumn...



Reagan (right) ... considers Marcos a close friend

Chilean opposition threatens strike

Representatives of Chilean opposition groups met in defiance of a Government ban and threatened to call a general strike within 30 days to press demands for reforms and a return to democracy...

Six killed during Haitian protest

At least six people were killed and dozens injured at the weekend when troops fired on a crowd of 10,000 Haitians who had marched through the capital after a memorial service for political victims...

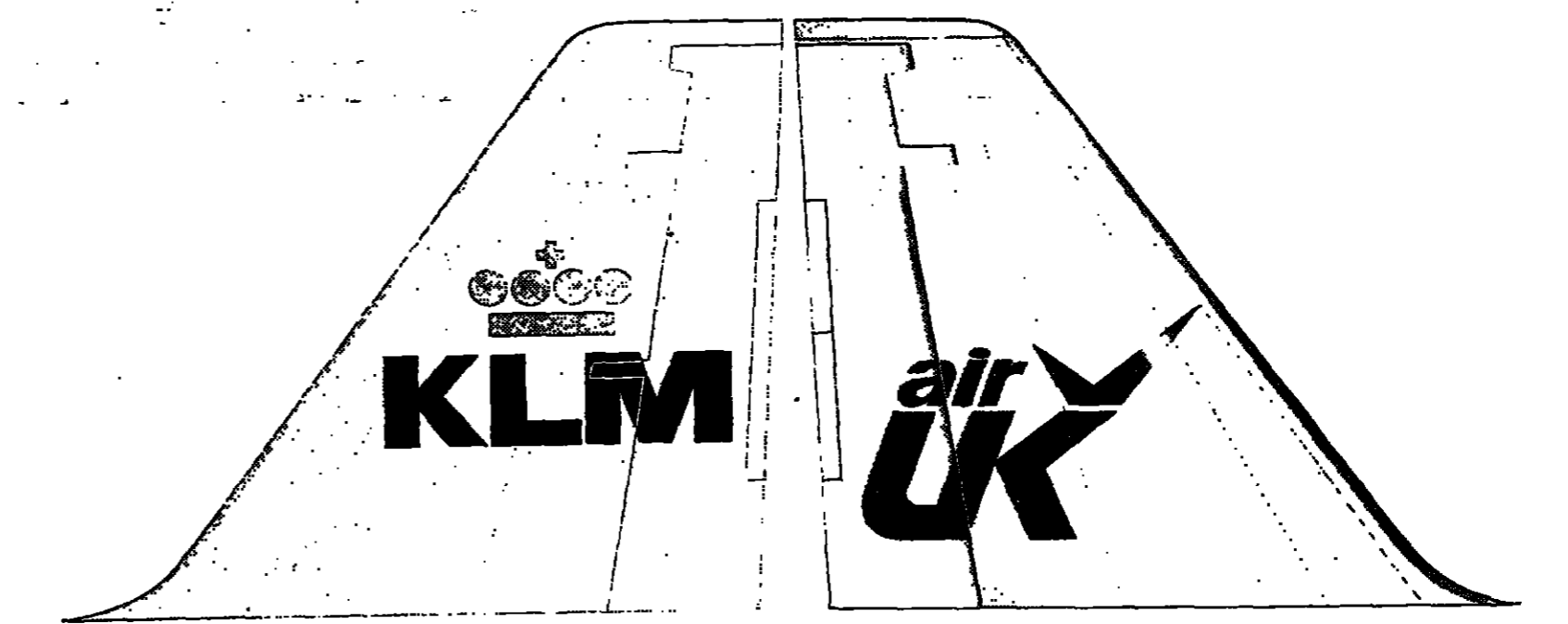
GM reduces financing rates to record lows

BY WILLIAM HALL IN NEW YORK
GENERAL MOTORS, the world's biggest car manufacturer, has cut its financing rates to record lows in a bid to boost sagging car sales...

FINANCIAL TIMES

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WORLD TRADE NEWS

Tough bill fails to end anxiety over Singapore copyright Switzerland to insure SFr 710m for Turkish power plant

PROVISIONS in Singapore's long-awaited Copyright Bill, which aims to strengthen protection for producers and publishers of intellectual property, have aroused considerable concern among lawyers and interested parties.

The bill, introduced in parliament last month and published on April 4, will replace outdated legislation but will only be on the statute book towards the end of the year, after public hearings before a parliamentary committee.

Progress is being followed closely by authors and book publishers, music and film-makers, software producers and even foreign governments. All have complained about Singapore as a "pirate's haven" because of its weak copyright protection.

The bill, modelled on Australia's comprehensive copyright legislation, seeks to protect authors of literary, dramatic,

Chris Sherwell reports from Singapore on concern among lawyers, artists and software producers about planned changes to intellectual property law

musical and artistic works and, separately, owners of recordings, films, broadcasts and published editions. Both computer software and cable TV programmes come within its purview.

The law applies to works first published in Singapore or published in Singapore within 30 days of their first publication elsewhere, specifies heavy fines and prison terms for infringement. The maximum penalty is now a \$100,000 (£30,300) fine and/or five years' jail.

While praising the legislation's scope and toughness, however, those who have combed its provisions are up in arms over some aspects. One official of the International Federation of Phonogram and Video Videogram Producers (IFPI), which represents the two industries worldwide, called the bill a "threadbare" piece of legislation which needed drastic revision.

Concern is being expressed over four aspects of the bill:

- International applicability. Although the Bill provides for multilateral arrangements with other countries, Singapore has still given no firm indication that it will sign either of the two main international conventions covering copyright.
- Transitional provisions. Although the Bill evidently aims to protect works covered by existing legislation, the wording means that some works covered now are likely to lose protection unless they were first published in Singapore or were available within 14 days of publication elsewhere.

In the case of Britain, Singapore has already indicated that an exchange of diplomatic notes could constitute a bilateral agreement. But a UK order-in-council would still be necessary to enact such an agreement in legislation.

In the US case, an accord seems likely to depend on US concessions to Singapore over continued trade privileges under the Generalised System of Preferences. Yet US legislation on renewal of such facilities requires President Reagan to take into consideration whether the country receiving the benefits is already providing adequate and effective protection of intellectual property.

- Burden of proof. Under Singapore's anti-piracy laws, persons prosecuted for being in possession of goods infringing the copyright law were presumed to have committed an offence and expected to prove their innocence. The new bill reverses this, placing the burden on the prosecution in a criminal case to prove that an infringer knew the works were protected.
- The new Copyright Tribunal. To reproduce works and to settle licence disputes, appears partly

to reflect the Singapore Government's desire to make copyrighted material more widely available more cheaply to the public.

Thus, the bill allows the tribunal to grant licences for production and publication of translations of works on payment of a royalty. This may even be possible without the original producer's explicit permission.

Elsewhere the bill fixes royalties for recordings of musical works at 5 per cent of the retail price without specifying how the retail price—potentially very low for an audio-cassette—is calculated.

Many of these concerns may well be ameliorated through the planned public hearings of a parliamentary committee.

But a commitment by Singapore to sign an international convention on the day the legislation takes effect would go much further. For now, the bill seems to raise more questions than it answers.

Officials involved in the negotiations believe that chances of at least one of the three original coal-fired power plants being built on the "Ozal model" are steadily improving. Several say privately that it is now only a matter of time before one of the projects gets under way.

Turkish Government negotiators are understood to have removed one source of hesitation about the viability of the "build-own-operate" model by guaranteeing the purchase of electricity from the plants.

They have also indicated that the plants will be built in phases as financing becomes available on "world going to market" terms.

"We are not going to build all three of the plants at the same time," said a government official last week. "We don't need the amount of electricity which would be available if they all came on stream at once."

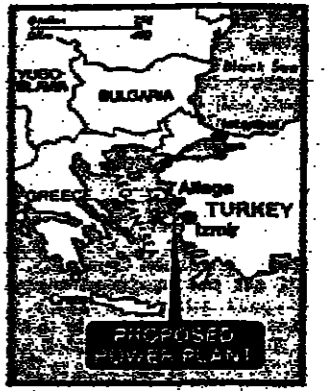
Meanwhile Turkey is negotiating the construction of a possible fourth coal-fired power plant also to be built on the "build-own-operate" model.

Officials of the State Planning Organisation said in Ankara. The cost would be Ecu 800m (\$480m).

A consortium of Ansaldo and Cie of Italy and Alstom of France plans to build a plant with a generating capacity of 1,050 Mw at Aizoguz on the Aegean coast north of Izmir.

Switzerland to insure SFr 710m for Turkish power plant

BY DAVID BARCHAND IN ANKARA



THE Swiss Government has agreed to guarantee SFr 710m (E283m) of the financing for a coal-fired power plant of over 1,000 Mw to be built on the Sea of Marmara near Istanbul.

The guarantee, however, falls short of the original request by the lead firm in the consortium, BBC Brown Boveri and Company, for SFr 1bn in Swiss-backed export finance insurance for the project.

Total cost of the project is expected to be around SFr 3bn. Other firms involved include Marubeni of Japan and the Electricity Supply Board of Ireland.

Negotiations with the three original coal station project consortia are believed to be proceeding steadily, though it is still not clear whether the US Export-Import Bank will "drop" its insistence on a sovereign guarantee for the projects.

Turkey has so far been willing to offer only what it calls a "governmental guarantee" on the sale and price of the electricity produced by the plants.

It argues that both sides in the venture must accept risk in just as they do in a normal joint venture project, and that this will ensure more careful use of foreign financing.

Turkey is obviously also concerned that the financing of the projects should count as an asset item in its balance of payments rather than as an additional debt which would be the case if a sovereign guarantee were issued.

Under the "build-own-operate" model, known as the "Ozal model" after Prime Minister Turgut Ozal who is said to have refined it, a Turkish state agency would form a joint venture with one or more foreign companies to construct and operate a project for 15 years before handing it over to the Turkish government.

The foreign partner would be expected to put up between 55 and 60 per cent of the equity.

Akzo loses US court case

AKZO, of the Netherlands, has lost a court decision in the US over its long-running aramid fibres patent battle with Du Pont, of the US. AP-DJ reports from Arnhem. The two companies have been fighting over aramid fibre patents in the US and elsewhere for several years.

Akzo asked the district court in Richmond, Virginia, to declare valid its patent for a solvent, called NMP calcium

chloride. If made, the ruling could have resulted in Du Pont having to pay Akzo for use of the solvent in marking its aramid fibre kevlar.

But Du Pont officials said on Friday that the court judge Richard Williams declared Akzo's patent invalid because of "obviousness" based on previous information available to the industry on the manufacture of the NMP solvent outside Akzo's patented process.

Alfa Romeo plans joint venture with Nissan

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ALFA ROMEO hopes to sign a new joint venture agreement with Nissan of Japan which will mark the return of the state-owned Italian group to the four-wheel drive vehicle market for the first time since the late 1940s.

The deal, which could be signed in June, would replace

the unsuccessful Alfa-Nissan Arna car project based near Naples in southern Italy.

Alfa also hopes to find more work for its factory near Milan through a deal to build a medium-priced sports car for sale by General Motors in the US with a Pontiac badge.

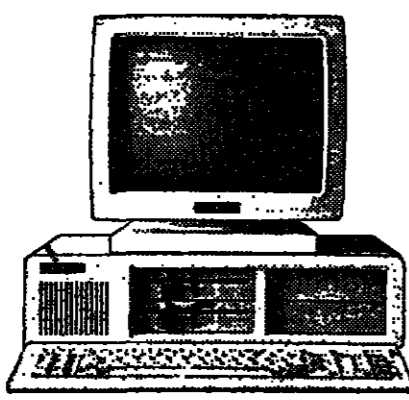
Talks on both deals have been going on for 18 months.

Alfa's Arna project with Nissan involves the Japanese group providing body shells from the Cherry saloon and Alfa supplying engines and transmission. The annual output target was set at 60,000 but only about 50,000 Arnas have been built since the car was launched in August 1983.

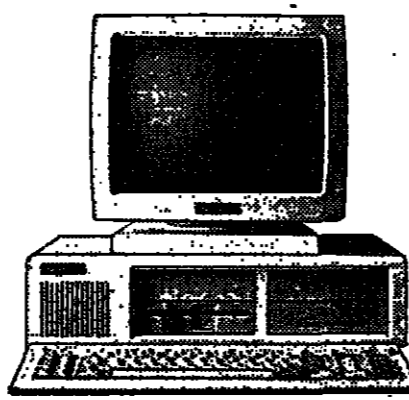
It would take 18 months to two years for a new joint venture vehicle to go into production if formal agreement with Nissan is signed. Talks have been about a small, four-wheel drive vehicle aimed at the private and leisure sectors of the market using an Alfa platform, engine and other mechanical parts.

In computers the biggest thing about big names is usually the price. Tandon is the exception.

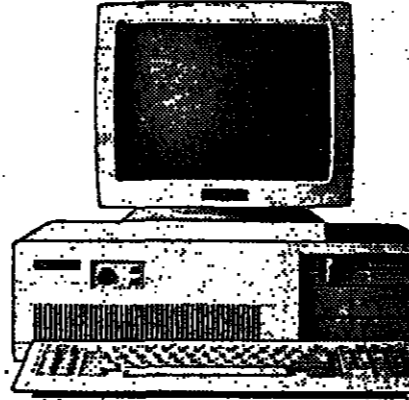
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Saudi Arabia to consider finance for Indian projects

BY FINN BARRÉ IN RIYADH

SAUDI Minister of Finance, Mr Mohammed Abd. Al-Khali, agreed to consider providing Saudi financial help for three large Indian projects while signing agreements last week with India on economic, scientific and cultural co-operation.

The three projects are already under consideration by the Saudi Fund for Development (SFD). They are a power station in Madras state, a hydro-

electric power generation and irrigation project at the Sarovar project in Madhya Pradesh State.

The ministers agreed to streamline procedures for Indian medical personnel who wish to work in the Kingdom. Saudi Arabia, with 280,000 Indian expatriate workers, is the most important source of repatriated hard currency earnings for India.

SHIPPING REPORT Evergreen shows way as container changes continue

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE container sector dominated shipping news last week, with changes in ownership announced at two of the world's biggest companies and a move on to the competitive Atlantic trade planned by another.

And highlighting the continued pressures on major routes, the Container market review said the cost advantage of Evergreen of Taiwan was so great that other lines would be hard pressed to compete.

One line competing with Evergreen, the world's biggest container shipping company, is Britain's Overseas Containers (OCL), now to become a full subsidiary of Peninsular and Oriental Steam Navigation.

P & O is paying around £100m for the combined 53 per cent share of OCL held by two other companies. The deal was seen in the market as a sign of confidence in both OCL and the long-term prospects of containerised liner (scheduled service) shipping.

Yet over-topping, with Evergreen a major contributor to expansion of capacity, remains a problem. Mr Kerry St. Johnston, chairman of OCL, said that in spite of an upturn in cargoes from the Far East to Europe, rates were still held

down by the surplus.

As a result, OCL's profits will fall this year from the record £70m before tax of 1985. At the same time, however, OCL has moved up to the Atlantic market with its half-share in Trans Freight Lines.

OCL does not expect to make large profits on the route for some time, but the move is its first into the Europe-Middle-East-Australia run. Next month two OCL ships, the Fulmouth Bay and Strathearn, will move on to the Atlantic.

Sea-Land, the big US liner group which is also a major force on Atlantic and other routes, last week received \$650m from the CEK railway group to stay out of the clutches of Mr Harold Simons, the predatory Texas businessman.

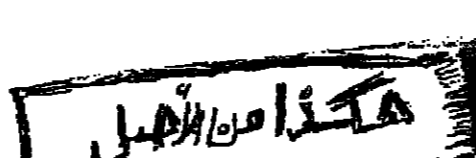
Like many companies, Sea-Land's profits have taken a beating on the over-tanned of the Atlantic, which has its bruising competitive phase a few years ago, have tempted Nedlloyd of Holland on to the scene.

Nedlloyd will start Trans-Atlantic services in July, using roll-on/roll-off container ships which it is pulling out of the depressed US-Middle East trade.

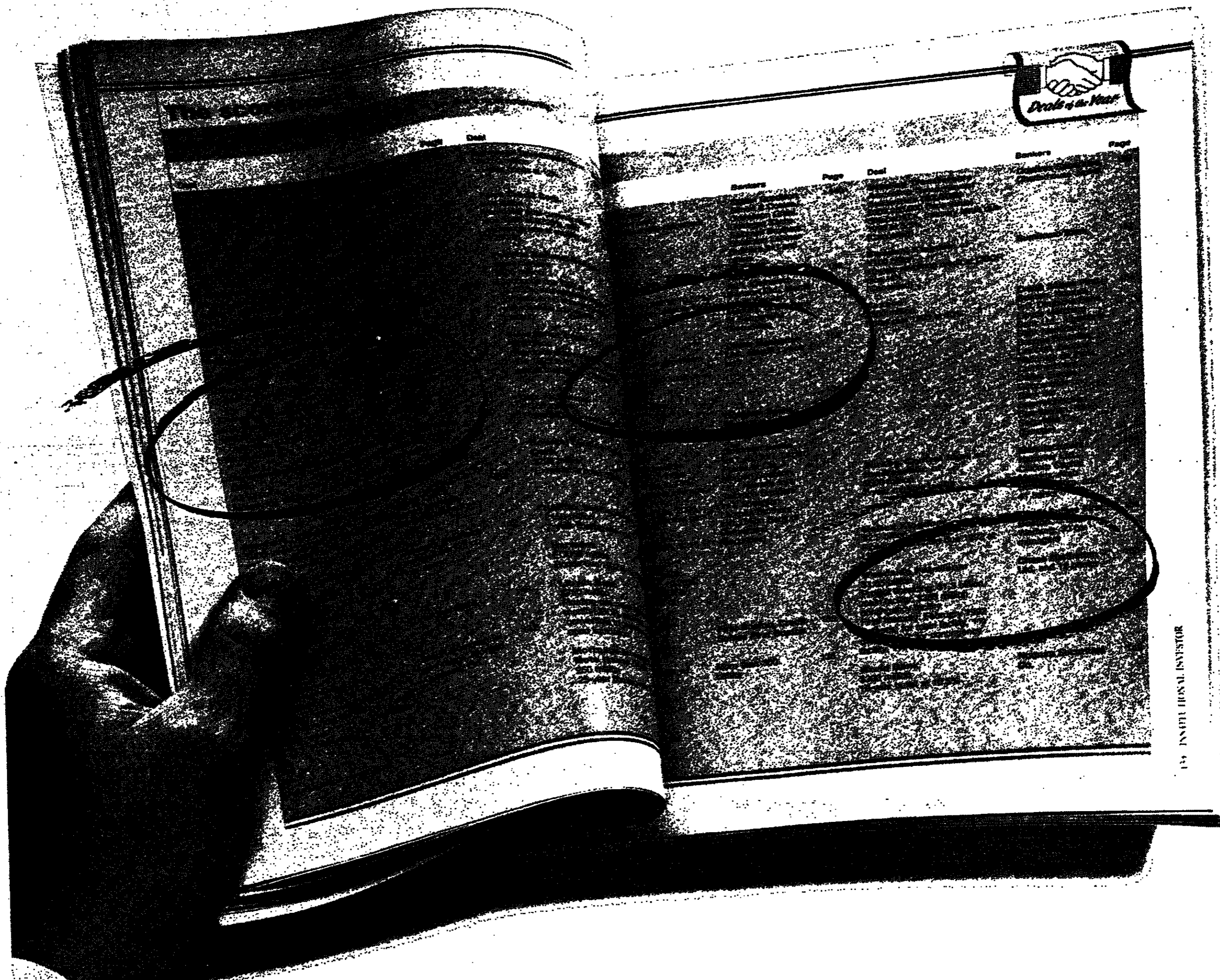
World Economic Indicators

		UNEMPLOYMENT			
		Mar. 85	Feb. 85	Jan. 85	Nov. 84
US	000s	8,419.0	8,527.0	7,831.0	8,384.0
	%	7.2	7.3	6.7	7.3
UK	000s	3,234.0	3,354.0	3,468.0	3,248.0
	%	13.7	13.8	14.3	13.5
W. Germany	000s	2,447.4	2,573.8	2,538.3	2,474.4
	%	9.1	9.4	9.2	8.9
Belgium	000s	504.4	521.2	530.4	578.0
	%	12.3	12.4	13.1	13.8
France	000s	2,434.0	2,493.9	2,531.3	2,488.0
	%	10.5	10.7	10.8	10.7
Italy	000s	2,813.0	3,194.7	3,056.0	2,978.0
	%	14.8	16.8	16.3	15.8
Netherlands	000s	758.0	760.0	769.0	801.0
	%	13.2	13.4	13.7	14.1
Japan	000s	1,589.9	1,450.0	1,540.0	1,440.0
	%	2.6	2.7	2.6	2.6

Source: (except US, UK, Japan): Reuters



IF YOU HAVE SOMETHING GREAT TO SAY ABOUT YOURSELF, LET SOMEBODY ELSE SAY IT



We were going to tell you what a banner year we had at Chase Investment Bank, but somebody else beat us to the punch.

Institutional Investor named our deals three of "the most noteworthy of the year."

For example, the Woodside Deal, the largest project loan of 1985. In Institutional Investor, Woodside's officer said, "on a loan this big and prominent, there aren't that many banks with which we'd feel comfortable, but Chase is one of them."

The Norsk Hydro deal, which we co-lead with Merrill Lynch, the first pure Euro-commercial paper offering. In Institutional Investor, the Norsk Hydro deputy director of finance called it "a bold move...[that] established a market that seems here to stay."

And in another first, the China International Trust and Investment Corp deal, Chase led the first Hong Kong dollar bond for the People's Republic of China.

According to Institutional Investor, no

other investment bank had more noteworthy accomplishments last year than Chase. In fact, after reading their account, you might conclude Chase Investment Bank is getting to be a pretty big deal itself.

But we didn't say it. They did.



UK NEWS

British Telecom plans to raise \$500m in US

BY ALEXANDER NICOLL

BRITISH TELECOM is returning to the international capital markets this week for the first time since its privatisation in 1984 with a programme to issue up to \$500m worth of commercial paper in the US.

It has appointed Goldman Sachs, the Wall Street broking firm, as sole dealer for the programme. Issues of US commercial paper - short-term unsecured debt - are likely to be followed later by a similar programme in the Euromarkets.

BT has no immediate need for new money, but the operation illustrates the company's international growth aims. Mr Christopher Bull,

the company's treasurer, says the programme is a "strategic move in the positioning of BT to be ready to raise both short and long-term capital in the international markets."

BT has already signalled its plans to expand abroad, including in North America, with the purchase of a controlling interest in Mitel, the Canadian telecommunications equipment group; an agreement to buy Dialcom, an electronic-mail business, from IIT; and a joint venture with Du Pont on opto-electronic components.

Standard & Poor's and Moody's Investors Service, the US credit-rating agencies, have given BT their

highest ratings, not only for commercial paper but also for long-term bond issues, should BT decide to borrow in that way.

Until the summer of 1984, BT had a \$250m US commercial paper programme with a UK government guarantee. That was discontinued before privatisation.

BT is also keen to attract foreign investment in its equity. It is among UK companies campaigning against the UK Government's plan to tax conversion of UK shares into New York-traded American Depositary Receipts. It has also applied to list its shares on the Tokyo Stock Exchange.

CBI in challenge to US jurisdiction claim

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE Confederation of British Industry, the employers' organisation, and the American Chamber of Commerce in the UK have jointly intervened in a case pending in the US Supreme Court in an attempt to ward off what they see as a serious threat to component manufacturers.

The CBI said yesterday it and the Chamber were supporting a challenge to a California state ruling which involves broad claims of jurisdiction over foreign companies.

At the heart of the dispute is the extraterritorial application of US laws to foreign companies, which has frequently upset relations between the US and its trade partners.

The case has arisen as a result of a motorcycle accident in California, which was allegedly caused by a burst tyre. The victim's family sued the tyre manufacturer, Cheng Shin Rubber Industrial, of Taiwan, for damages. The case was settled out of court for an undisclosed sum of damages.

Cheng Shin, which has a business presence in California, then sued Asahi Metal Industry, a Japanese company which supplied tyre valves to Cheng Shin, for a contribution to the damages. Asahi has no business presence or dealings in California, and its dealings with Cheng Shin were all in Taiwan.

A Californian court ruled that it had jurisdiction to hear the case. This judgment was overturned by the state Court of Appeal but then restored by the California Supreme Court.

The ruling was that California had jurisdiction because, although Asahi had no business links with the state, it had been foreseeable that some of its components might end up in California.

Asahi has appealed to the US Supreme Court, seeking to have the ruling quashed. The case is due for hearing in the autumn.

The American Chamber of Commerce and the CBI have made their intervention because of the potentially serious consequences for their members if the Californian claim to jurisdiction were upheld.

Sir Terence Beckett, director-general of the CBI, says the case could have alarming consequences for British and other non-US firms. Component manufacturers that had no business dealings in the US would be vulnerable to product liability and other claims in American courts if their products were incorporated in goods sold into the US.

"This represents a quite unacceptable assertion of the jurisdiction of US courts," he said. "It comes at a time when escalating product liability costs are already making life increasingly difficult for British manufacturers with established business links in the US."

The American Chamber of Commerce, half of whose members are British companies trading in the US, sees the Asahi case as a general extension of US claims to have jurisdiction over foreign companies.

Prison officers agree to suspend action

BY DAVID THOMAS, LABOUR STAFF

THE PRISON OFFICERS' Association (POA) yesterday suspended its campaign of industrial action in its dispute over staffing levels in the hope that talks today with Mr Douglas Hurd, the Home Secretary, might lead to a settlement.

However, Mr David Evans, POA general secretary, gave a warning that industrial action would be called at any prisons where governors tried to impose budget cuts.

Prison officers were working normally yesterday after the 24-hour protest action which ended at noon on Saturday. Staff turned away 270 new inmates at 16 jails affected by the action. About 20 officers were sent home without pay, the first time this has happened in the prison service.

The most serious problems occurred at Leicester prison where officers walked out at the end of their shift instead of working overtime in

protest at four colleagues being sent home without pay.

Mr Hurd said yesterday he thought overtime made up too high a proportion of officers' wages and he wanted to see staffing up and overtime down, which he admitted could lead to cuts in take-home pay at some prisons.

The dispute began after a ballot of POA members produced an 81 per cent vote in favour of disruption.

Most short-term prisoners should be released six months early to empty Britain's jails, a group of MPs urge in a report published today.

The report from the all-party parliamentary penal affairs group says that the Home Secretary should take the one-off step of releasing all non-violent offenders in the last six months of a sentence of less than three years.

Rolls-Royce plans small gas turbines

By Ian Rodger

ROLLS-ROYCE, the state-owned aero-engine group, is developing a small gas turbine engine to compete with diesels in many industrial markets.

The worldwide sales potential for the turbine, in the 2 megawatt to 3 Mw range, could be as high as £100m a year.

Mr Frank Turner, director of Rolls' industrial and marine division at Ansty near Coventry, said the opportunity for such a turbine had arisen because of advances in material and production technology.

Until now, gas turbines have been unable to compete with diesels in power ranges below 5 Mw, except in special situations, because turbine production costs are higher than those of diesels and their thermal efficiency lower.

Rolls believes it can overcome these disadvantages by applying the latest material and production technologies used for its aero-engines.

Mr Turner said the company's experience with dual-alloy metallurgy, used to make the wide-core fan blades for the RB 211 aero-engine, could be adapted to make a highly efficient rotor for a small turbine.

Mr Turner said there were several potential applications for a 2 Mw to 3 Mw turbine. These included power and heat generation, railway locomotives, tanks and other military vehicles and small ships.

Electricity supply faces union disruption

BY DAVID THOMAS, LABOUR STAFF

UNION LEADERS representing 70,000 manual workers in electricity supply believe their members have voted for industrial action in a dispute over pay and productivity.

The unions said the ballot had been called because the employers had refused to increase their latest pay offer worth between 5 per cent and 5.5 per cent, and because manual workers had not been receiving enough productivity improvements.

Mr Fred Franks, national officer for the electricians' union EETPU, the largest of the manual unions yesterday blamed the grievance on the lack of a unified grading structure which would allow easier promotion for manual workers to white-collar jobs.

The outcome of the ballot will not be known until next week, but Mr Franks said that judging from mass meetings held throughout the country "there is a strong feeling among the members that they will support industrial action without an improved offer."

The Customs and Excise said yesterday that travellers were not being affected by the customs dispute at Heathrow Airport. Talks aimed at resolving the dispute broke down on Friday and union officials said action would be escalated, not just at Heathrow, but also at some ports.

Venture capital aids over-40s

BY STEFAN WAGSTYL

ENTREPRENEURS who secure venture capital to establish or expand a business are likely to be in their 40s, professionally or academically qualified and moderately wealthy, according to a survey carried out by Mori for the British Venture Capital Association (BCVA).

Mori interviewed 185 entrepreneurs who had received backing

from financing companies belonging to the BCVA.

It found that more than half the businessmen who had received capital were in their 40s, 93 per cent were over 35, and 73 per cent had a professional qualification or a degree.

Most of the entrepreneurs had previously held management jobs -

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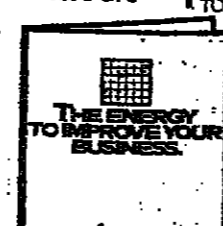
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UK NEWS

Competition among new market makers hot up

TWO NEW equity stockjobbing firms will begin to make markets on the floor of the London Stock Exchange this morning. They join two other newcomers which have recently started business. The influx of fresh names gives a foretaste of the enormous increase in competition likely after the exchange's Big Bang structural changes next October 27.

It fact the stock exchange expects about 60 member firms to be making markets in equities after the Big Bang, compared with about 14 in the past of which only five or six have been major players.

The new market-makers are beginning cautiously. Wood Street Securities, from the Wood Mackenzie/Hill Samuel stable, will initially cover only four sectors - investment trusts, insurance, oil and some pharmaceuticals.

Philips & Drew Trading, the other newcomer and an offshoot of the big broking house Phillips & Drew, will cover twice as many sectors but it emphasised it would mainly be in business to facilitate trades for P & D's broking clients. "We are not here to win market share aggressively from other people," said Dr Paul Neill, head of equities at P & D.

Two American-owned firms have already joined the fray. Merrill Lynch (Equities), which began trading early in March, is one of three separate member firms of the London exchange which the US securities giant set up. The other two are a gilt-edged jobbing firm and a broking business.

Elsewhere a Citicorp offshoot, Springour Vickers (Traders), began on April 1. It initially made prices in stores and chemicals, areas of particular expertise for its broking parent Springour Vickers.

Although one or two of the big broking houses, such as James Capel, are declining to become significant market makers, various others are expected to set up shop in the next few months.

Meanwhile, several market makers are already in business separately from the official stock exchange. For example, merchant bank Robert Fleming has taken a big share of the electricals market, and the London branches of New York securities houses such as Goldman Sachs, Salomon Brothers and Morgan Stanley are from time to time active in trading in listed UK equities.

The influx of new equity stockjobbing firms on the London Stock Exchange provides a foretaste of conditions after the Big Bang in October, writes Barry Riley.

A number of these are expected to seek membership of the London exchange, but are holding off for the time being because they are reluctant to comply with complex rules that apply to securities groups owning both broking and jobbing subsidiaries.

Many of these restrictions will be abandoned when London switches to a "dual-capacity" trading basis on October 27, but for the time being broking and jobbing have to be rigorously separated.

At Wood Street Securities, for instance, a screen has had to be built across the big, newly constructed trading floor. This physical embodiment of a Chinese wall will be torn down on the weekend before the Big Bang, and the traders will emerge from their corner to adopt new positions among the salesman and agency dealers who talk to investment clients.

As a special transitional concession, traders will be allowed to enter broking premises early in the mornings for the two months before the Big Bang, but they must scurry out at 9am and must not come back before the official market close at 3.30pm.

For the next few months, all the new jobbing firms have been asked by the stock exchange to maintain a presence on the market floor at Throgmorton Street. After the Big Bang, however, much of the action is expected to switch "upstairs" to the various individual trading rooms, where already business is done after market hours.

A continuing scramble for more traders is certain to be seen in the next few months. For instance, Springour Vickers (Traders) has just 13 people, including trainees, on the market floor at present, but will need many more to fulfil its objective of covering six sectors: by the Big Bang and a dozen eventually.

Wood Street Securities has 19 traders, but wants to build this to nearer 40 by October 27. Phillips & Drew Traders is a little bigger with 25, including six trainees, ready to move into action this morning, but the firm is "still looking for top quality personnel."

Uncharacteristically, Merrill Lynch has adopted a low profile for its equity jobbing debut. Seven traders make markets in just 37 leading stocks. "We are taking it very cautiously and are feeling our way," says Merrill's Mr David Rochester. "We are not coming in with our guns blazing as everyone may have expected." But, after the Big Bang, Merrill should be trading the top 100 stocks.

Like most market men, Mr Rochester fears the going could get tough. "It's going to be a very competitive market place," he says.

Dr Neill forecasts "Conditions may be difficult in the early days after October 27. But we are planning to live through them, and any setbacks for the market could provide opportunities for us to pick up a bigger pool of experienced people."

It will not be a market for the fainthearted, however. P & D's new owners, Union Bank of Switzerland, is thought to be committing several times the jobbing subsidiary's nominal £5m capital to the new market making project.

One of the big existing jobbers, Wedd Durlacher, shortly to form part of the Barclays de Zoete Wedd grouping, is hastening down the hatch ahead of the Big Bang. It has cut its domestic equity trading team from 70 to 60 and from today will cease to make markets in 55 minor stocks traded on the Unlisted Securities Market.

"We want to concentrate our resources where we will be able to provide a better all-round service," says Wedd's senior partner, Mr John Robertson.

But he fears it will not only be hard to make money out of such inactive third-line stocks, but also in the market leaders for which every serious securities house in the market will feel obliged to quote prices.

He accepts, however, that the changes are necessary to help London develop as a major market place. His message to the new jobbers: "I wish them well, but not to the point where they pinch all our business."

Austin set to launch diesel car in Italy

By Kenneth Gooding, Motor Industry Correspondent

AUSTIN ROVER, the BL subsidiary, will launch its long-awaited diesel cars in Italy next year and expects to sell them there at the annual rate of 5,000.

At least half will be incremental sales and the diesel, developed with Perkins, the UK subsidiary of the Massey Ferguson group, should help Austin Rover achieve a 2 per cent share of the Italian new car market.

Italy is one of Austin Rover's best Continental markets and sales last year reached 22,000 for a 1.5 per cent share. But 24 per cent of all the new cars sold in Italy, where diesel fuel is half the cost of petrol, have diesel engines and up to now Austin Rover has been unable to compete in this sector.

However, the diesel version of the "V" series engine is due to be introduced in the UK in the autumn - three years behind the original target date - in a Maestro van.

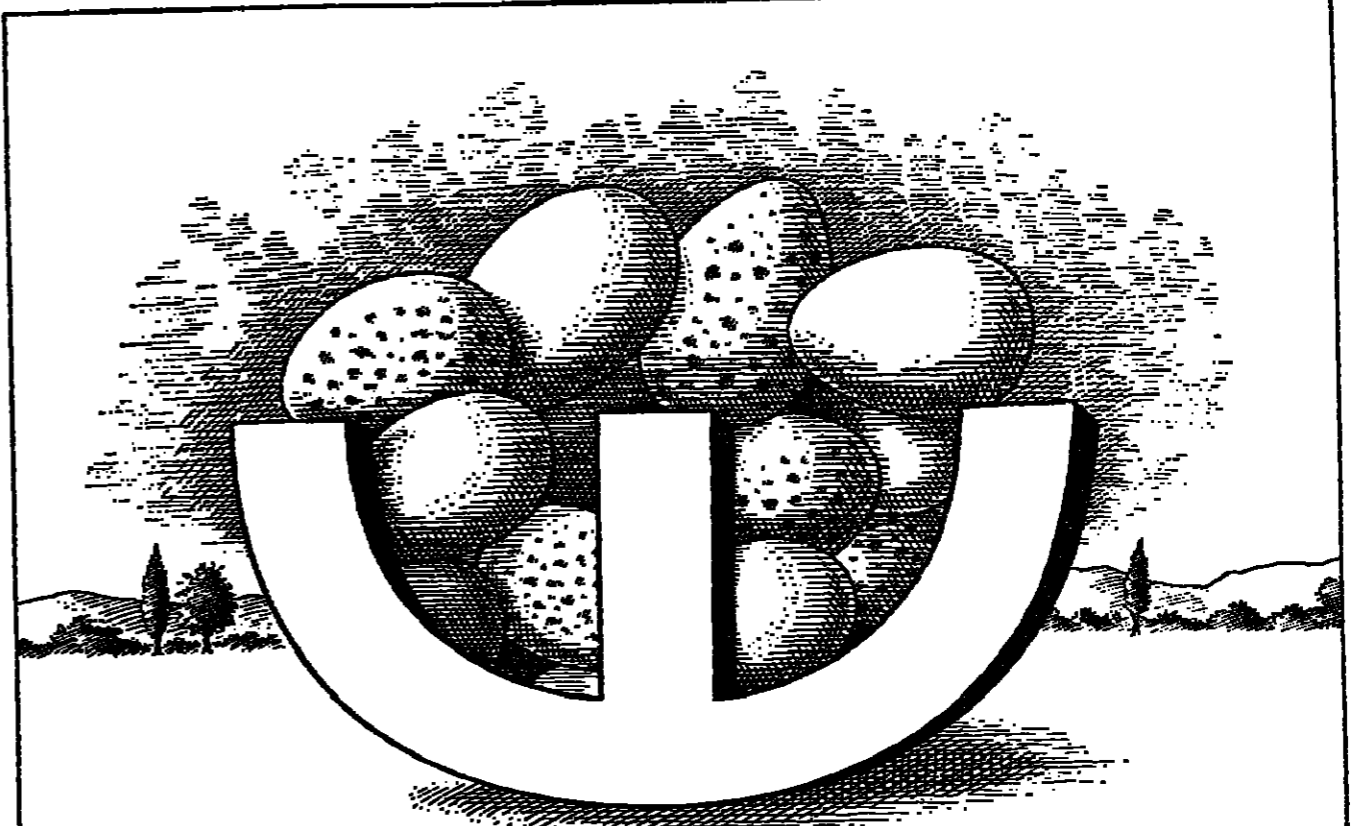
Mr Lorenzo Mercanti, managing director of Austin Rover's Italian subsidiary, said the company would offer a 2-litre diesel version of the Montego and the Maestro cars as well as a turbo-diesel version of the Rover 800, to be launched this year.

Mr Gerald Ronson's Heron Corporation has decided to keep the Lancia Italian car import franchise which so far has proved to be one of its less-successful investments.

This became clear at the weekend when Heron announced top management changes with Heron Trading, the division which controls Lancia, the import company, as well as Suzuki GB Cars and Heron Power.

Mr John Norman, who was Lancia managing director, has become chief executive of Heron Trading and joined the Heron Corporation board.

Lancia's new managing director is Mr Denis Roban who will continue for a while as managing director of Heron Power, the company which distributes Suzuki motor cycles in Britain. He, too, joins the Heron Corporation board.



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UK NEWS

RESOURCES SWITCH PUTS DEFICIT PRESSURE ON YOUNGER

Defence budget braces for the lean years

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

WHEN Mr George Younger took over as Defence Secretary from Mr Michael Heseltine three months ago he knew he was in for a difficult time. But quite how difficult a task faces him, at least on the defence budget, is only now becoming clear.

For the past week, Mr Younger has had several hundred pages of documents on his desk detailing choices he must make during the next month or so if he is to trim a probable minimum of £1bn a year for each of the next three years from the defence budget.

The exercise is necessary because, after seven fat years of defence spending since the Tories took office in 1979, the Government is now planning for at least three lean ones, with a projected decline in real terms of 7 per cent up to 1988-89.

The Government's decision to switch resources from defence to other areas of the economy is the main reason for the expected deficits. These are larger than anticipated partly because of higher inflation, wage and exchange rates.

There are also many other factors including overestimation of costs on the controversial Nimrod early warning aircraft, now several hundred million pounds over budget; the need to insert new projects like the European fighter aircraft (Efa) into the programme; and financial problems stemming from greater efficiency in the shipbuilding yards which have brought deliveries, and so bills, forward faster than anticipated. Added to this, the £10bn Trident nuclear missile submarine programme begins to peak in 1988.

The process through which the

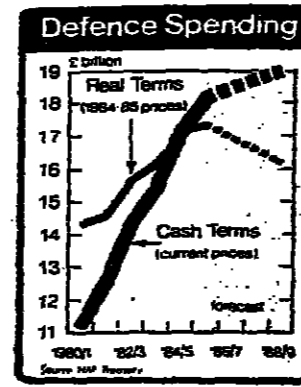
re-ordering of the defence budget is now taking place is known as the long-term costings (LTCs). The Ministry of Defence habitually plans defence spending over a 10-year period, with very detailed costings for the first five. (Only three years are published in advance, however, and that in minimal detail).

The LTCs take place annually: the armed services submit projected budgets in the autumn, with the central office of management and budget gradually reducing and co-ordinating programmes as the resources picture clarifies.

The resultant plans are considered in the spring by the Financial Planning and Management Group, the highest official financial body which is chaired by Sir Clive Whitmore, the Permanent Under Secretary, and includes Admiral Sir John Fieldhouse, the Chief of Defence Staff.

It is this body's report which is now before Mr Younger. The report does not recommend a full-scale defence review, in which whole commitments, like Britain's undertaking to keep 55,000 men in West Germany, would have to be cut - although it does apparently recommend that the Government should do its best to keep to the general aims of the last defence review in 1981, carried out by Sir John Nott. The Nott review, which was largely invalidated by the Falklands war, reduced the size of the Royal Navy's surface fleet and hoped to see a decline of nearly 20,000 military and 70,000 civilian personnel by this year.

Without such a review, the present room for manoeuvre is slim.



Some 35 per cent of the total defence budget goes on personnel, and while only half the planned reductions in the armed forces have been achieved, service chiefs insist they can be cut no further.

They also say little more can be done to shift service activities to the private sector, or from support areas to the frontline.

Some savings have apparently been recommended in these areas, but the brunt of the cuts will fall on the procurement budget, now standing at nearly £3bn a year.

This is despite the quite significant savings which are already being made to the weapons procurement budget because of the ministry's drive to get better value for money from defence contractors.

Mr Peter Levene, Chief of Defence Procurement, hopes the total of contracts placed competitively this year will rise to 80 per cent of the total, compared to 30 per cent in 1979-1980 and 46 per cent in 1984-1985.

He is also toughening terms for

contractors in other ways - his recent decision to withhold more so-called progress payments, made to contractors before their work is completed, is one.

But much more is needed to cope with the deficits and the officials' report is believed to detail at least five "baskets" of possible measures. These are described as ranging from ones that will cause relatively little "pain and grief" - and might anyway have been expected in the normal process of trimming back competing bids from the services - to tougher and more controversial measures.

The first category already agreed by the officials, could reduce the deficits by £200m-500m a year, but the remainder await ministerial decision.

Mr Younger is expected to have his first official discussions on the measures later this week. But while the actual cuts which he will recommend are not yet known, the sensitive areas are already obvious.

The Royal Navy should have a surface fleet of 50 vessels, with eight of those on standby.

There are now 54, all active operationally. This total seems certain to fall. This would be achieved partly by ordering fewer than the intended three new warships a year, which will be a further blow to an already suffering shipbuilding industry.

It is also clear that a decision on whether or not to replace the amphibious landing ships Fearless and Intrepid, replaced in 1982, is again being deferred while a new study is commissioned. Although the Trident programme will apparently be unaffected, the programme to re-

place Britain's ageing conventional-powered submarines with the new T200 vessel could be delayed.

It appears probable that the army will get a seventh regiment of about 70 Challenger tanks, partly because of the political necessity of giving work to the Royal Ordnance Factories, soon to be privatised. But some of the army's new battlefield communication programmes could be delayed, as could the new long-range multi-launch rocket system (MLRS) project.

Also at risk could be the modernisation of battlefield transport, with the decision being deferred on whether the next medium-lift helicopter should be the proposed new NH 90 or the Black Hawk to be built by Westland under licence from Sikorsky of the US.

The RAF, which has the largest modernisation programme of all the services, may escape most lightly, at least in terms of large programmes, if only because its budgetary problems are bound to be eased by the deferred arrival of new Tornado aircraft, now being sold to Saudi Arabia. However, a range of missile programmes as well as continued modernisation of air communications could well suffer delays.

The armed services acknowledge they have done well since 1979, with modernisation programmes greatly enhancing their capabilities. This will leave them better off than they were, despite the expected cuts, at least for the next few years. Defence industries, too, have done well out of the seven fat years of Tory defence spending, but the new austerity will inevitably hit them first.

Call to end national pay scales

BY STEFAN WAGSTYL

COMPANIES operating national pay scales have been urged to scrap them because of the widening gap between salaries in the north and south of the UK.

Reward Regional Surveys, an independent research company, says in its latest twice-yearly review of management salaries published today that the increase in house prices in the south is so much faster than in the north that it is increasingly difficult to run an equitable national pay scale.

"Whether one likes it or not, the only sensible solution is to scrap national pay scales and relate pay much more closely to the local 'going rate,'" says Reward.

Reward says that if national pay scales are not scrapped, those in the south could continue to find it difficult to enter the housing market or those in the north could continue to be overpaid with the company wage money.

Reward says that for the first time it has found proof that basic

pay increases are moderating. But increases in bonus and profit-sharing payments have pushed up total earnings by managers.

Basic pay rose 6.5 per cent over the year to February 1986 but total earnings increased by 9.3 per cent, says Reward, which surveys about 800 companies.

By comparison, basic pay rose by 8.7 per cent in the year to July 1985 and total earnings by 9.1 per cent.

Reward expects that, with continuing low inflation, the rate of pay

increases will decline steeply.

Management this year aims to give pay rises (excluding performance bonuses) of about 2 per cent more than inflation, says Reward. It forecasts that by February 1987 inflation will be running at 2.7 per cent and pay increases at 5.1 per cent.

The average management salary is £11,516 a year, or £11,810 with bonuses, says Reward. In London the average is 18.4 per cent above the national average.

Plan to cut air links criticised

PROPOSALS to reduce the number of connections between Heathrow, London, and other British airports should be rejected, according to the Air Users' Transport Committee, a lobbying group which represents UK air passengers and shippers, writes Peter Marsh.


Commenting on recent draft proposals by the Civil Aviation Authority, the committee says it is in "fundamental disagreement" with the CAA's plan to displace from Heathrow certain domestic routes.

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UK NEWS

Private developers may have bigger role in urban renewal

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is considering closer involvement of private developers and companies in the regeneration of inner cities, if necessary bypassing local authorities.

In a further phase of the review of urban policy, Mr John Patten, Minister for Housing, Urban Affairs and Construction, is considering ideas for creating more urban development corporations along the lines of those in London's Docklands area and on Merseyside in Liverpool.

Decisions on these and other ideas for the inner cities are likely to be taken in the next few weeks. In a recent speech to the building industry, Mr Patten raised the question of whether there should be more urban development corporations.

He said: "The areas would have to be chosen very carefully, but the possibility is worth considering. Could the private sector help to take a more active part in one or more urban development corporations, I wonder?"

Mr Patten said he was determined to foster urban renewal led by the private sector. He said he hoped to use a new urban regeneration grant to support this drive. The minister said areas earmarked for renewal would generally include 100 acres or more of derelict and disused land or property. Such areas were likely to be too big to be regenerated by a single project supported by an urban development grant. Buildings or plots within such areas could not sensibly be brought into productive use unless the whole area was upgraded.

He said a key factor in selecting suitable areas would be the willingness of private businesses to take part. He added that representations so far received by him suggested there was no shortage of enthusiasm within the building and development industries.

Mr Patten also expressed concern about the social mix in some inner-city areas where many homes were rented from local authorities.

He said these authorities had been tempted into taking too dominant a role, not only in housing but also in the local economy as a whole.

Local authorities, he said, have become not only the dominant landlord but often also the largest single employer. They have helped to create a command economy and a client society. They make too many of the choices that should be left to individuals. This fits poorly with the strategy approach to our urban problems that I think we should have.

Instead, he urged radical steps involving a partnership between central government, whether directly or through agencies, local authorities, private business and local people.

He urged local authorities to see what they could achieve not only as the providers of housing and other services, but also by making it possible for others to provide and manage houses. He said the role of the private sector in a new partnership was essential and of growing importance.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

- April 29-May 1 British Electronics Week (0799 26699) Olympia
May 11-14 Business to Business Exhibition (01-729 0677) Barbican Centre
May 11-15 London International Furniture Show (01-355 1200) Earls Court
May 11-15 Domestic Heating and Plumbing Fair-HEVAC 86 (01-646 9055) NEC, Birmingham
May 13-16 Communications Equipment and Systems Exhibition-COMMUNICATIONS (021-705 6707) NEC, Birmingham
May 15 Antiques Fair (01-883 7061) Alexandra Palace
May 20-22 TSPS International Safety Exhibition (021-780 4171) NEC, Birmingham

OVERSEAS TRADE FAIRS

- May 2-15 International Printing and Paper Fair-DRUPA (01-463 3383) Düsseldorf
May 5-8 Business Efficiency, Office Automation and Business Communication Exhibition-BEE/OFEK (01-855 7777) Hong Kong
May 13-15 Production, Organisation and Technical Aspects of Shows & Meetings, Trade Fair and Congress-SHOWTECH (01-749 4444) Berlin

BUSINESS AND MANAGEMENT CONFERENCES

- April 29-30 Euro money Publications: Japanese financial markets (01-238 3288) Hotel Inter-Continental, WI
April 30 Public Policy Consultants: Advanced techniques of dealing with Government (01-606 6080) St Ermin's Hotel, SW1
May 1 CBI: The Insolvency Act 1985 (01-379 7400) Centre Point, WCI
May 4 KLA Management Consultants: Gaining a competitive advantage-developing successful strategies in service industries (01-267 0231) Seville
May 8 The Institute of Taxation: Finance Bill 1986 (01-233 8947) Hilton Hotel, WI
May 13 Financial Conference Management: Real estate leasing-a foundation for growth (0378 62282) Cafe Royal, WI
May 15 Durr and Bradstreet: Finance for private companies (01-377 4452) London
May 15-16 FT Conferences: Retailing (01-621 1355) London
May 20 CBI: Contract bonds and sureties (01-379 7400) Centre Point, WCI

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

Manx shipping register flourishes

By Ian Hamilton Fozzy

THE ISLE of Man, off the north-west coast of England, has persuaded Canadian Pacific, the transport and resources group, to join its fast-developing shipping register by switching the registrations of two bulk carriers from London to Douglas, the island's capital.

This brings the island's register to 41 ships. Another big name which has switched to Douglas is Ellerman. More switches are expected, since the ship management companies, Aulders and the Denholm group have set up subsidiaries on the island.

The main advantages to shipowners of joining the Manx register are financial. These include favourable taxation and capital allowances. One of the biggest attractions is a reduced personal bill.

Captain Geoffrey Davis, chief marine surveyor for the Isle of Man dock board, says that the additional costs of employing sea-going labour on a British ship can be up to 50 per cent of total wages. Under the Manx offshore arrangements, crew members take care of their own pensions and income tax. This turns out to be more cost-effective for the owners and tax-efficient for the crews.

Despite its independence, the register is legally part of the British register. This means that British regulations apply in areas such as safety and inspection standards. The register's status is similar to that of the Hong Kong or the Bahamas registers.

The Isle of Man is therefore trying to attract British owners who want the lower costs of an offshore registry but who think that the Bahamas or Hong Kong are too far away. They also hope to see owners switch from other offshore registers and should be well placed to offer an established alternative to Hong Kong after the Chinese takeover in 1997.

"We are offering a respectable flag of convenience," Capt Davies says. "We worry about the connotations of being a convenience flag so we insist that ownership or management of the ships be actually on the island. There always has to be someone here I can go to and demand that things be done if they have to be."

The register came into force last July when the Isle of Man acceded to the safety of life at sea convention. This was 12 years after the register was first mooted but it took that long for the island to develop its own maritime code and legislate accordingly. Everything has taken place with the approval of the British Government.

Providing jobs on the island has been a prime motivation and about 50 have resulted directly so far, half of them for immigrants.

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Particulars relating to the Company are available in the Extel Statistical Services and copies of the Prospectus may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 12th May, 1986 from: Fielding, Newson-Smith & Co., Garrard House, 31-45 Gresham Street, London EC2V 7DX.

28th April, 1986

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Table with columns: Notes Denominated US\$250,000. Lists serial numbers and amounts.

Table with columns: Notes Denominated US\$10,000. Lists serial numbers and amounts.

Payment will be made upon surrender of Notes together with all coupons maturing after the date fixed for redemption, at the offices of the Paying Agents as shown on the Notes. Coupons maturing on May 28, 1986 should be detached and presented for payment in the usual manner. On and after May 28, 1986 interest on the Notes will cease to accrue and unmaturing coupons will become void.

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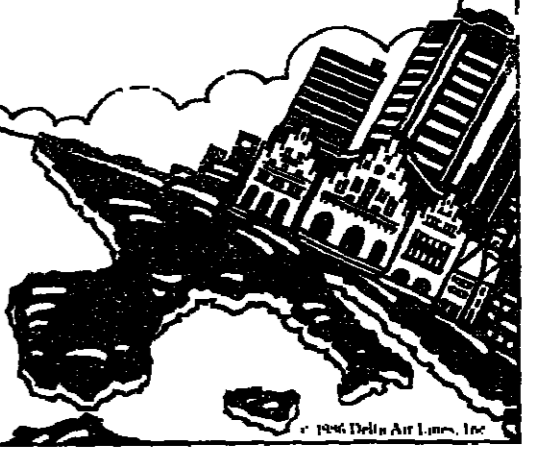
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THE MANAGEMENT PAGE

Cummins 'sprints' to cut costs

Nick Garnett reports on the US engine maker's programme to hold margins while lowering its costs

TEAMS OF senior managers in one of the world's most ruthlessly competitive industries spent valuable time last year in Jamestown, New York, constructing aeroplanes out of paper and metal clips.

Under strenuous supervision similar toy aircraft were being modelled at Charleston, South Carolina, at the village of Shots outside Glasgow, Scotland, and at a dozen other locations in the US and UK.

Devised by Cummins itself, the exercise tested the managers' ability to organise the flow of supplies between the tables carrying the clips and those holding the paper; to allocate labour to do the wing folding; and to steer clear of penalties by holding down table stocks of the two materials.

Just why this programme is under way is all too obvious from the introduction to the company's 1985 annual report, published last month. Henry Schacht, Cummins' chairman and chief executive, says that after last year's 75 per cent slump in earnings the company's performance over the

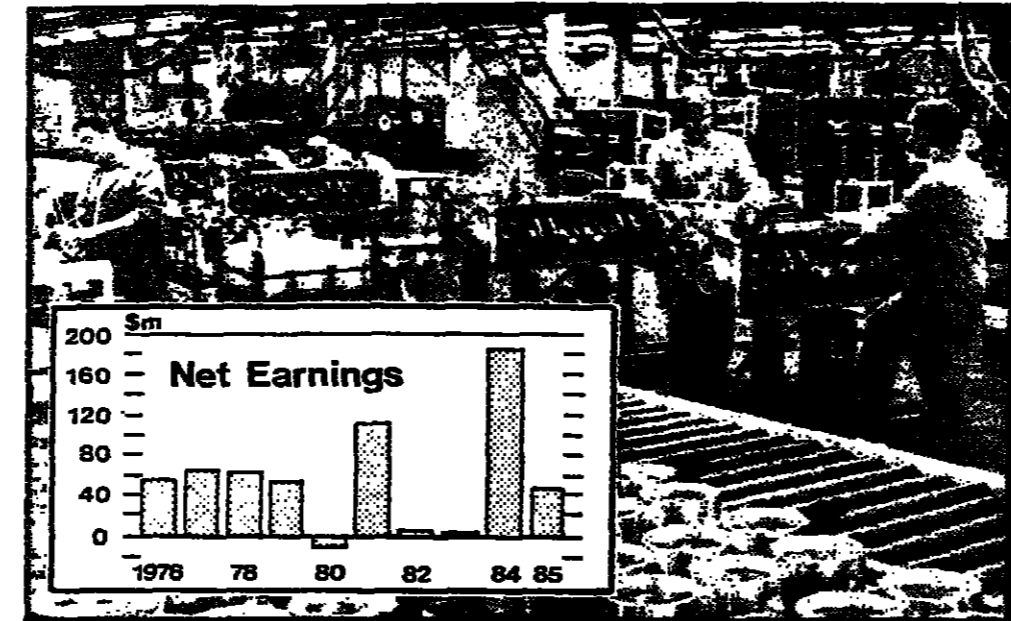
next 12 months depends as much on its ability to cut costs as expand sales.

In a viciously tough market Cummins has already been forced to drop the price of some of its engines by 40 per cent. "Our cost reduction efforts are critical to achieving target margins at these lower prices," Schacht says.

All round the world, diesel engine makers — including revered Japanese majors — are slugging it out with each other under the burden of a manufacturing over-capacity of 50 per cent. Slashing costs has become part of a never-ending conveyor belt of change that places Cummins in the same position as all the world's big metal benders.

Perkins, the Massey Ferguson subsidiary whose worldwide engine output is about three times that of Cummins, has raised the productivity of its site at Peterborough in England — the world's biggest diesel plant — by 30 per cent over four years. It has spent £30m on factory modernisation there since 1980, and already has plans to outlay another £8m.

For Cummins, the squeeze is especially severe, since it has been traditionally locked into the high horsepower end of the business, which is at best static.



Cummins has been making major production changes to combat stiff competition in a difficult market

machinery and a reduction in labour: its total labour force has fallen by a fifth to 19,500 since 1980. But the size of the "sprint" target to be achieved by the end of 1986, shows that very much more was needed.

Though signs are emerging that some Cummins plants have been dropping away from the "sprint" schedule, the company is planning to push way beyond the 30 per cent figure over the next few years. "The 30 per cent itself is not the important thing," says Mike Mitchell, director for UK manufacturing. "The real issue is to get a focus on something something different. You could get up to 25 per cent and say

well I've nearly made it, then lose your shirt." To meet its new objectives, Cummins has had to jump through hoops to acquire Japanese-style methods of materials handling and production design.

For the past 25 years it has had a licensing agreement with Komatsu, the Japanese construction equipment maker, whose diesel engine business it helped establish. Now the teacher has turned to the pupil for lessons — not in how to design engines, but on how to lower production costs.

As part of the programme that were eventually funnelled into "sprint," Cummins man-

agers have been scouring the shopfloors of Komatsu and other Japanese producers since the early 1980s. Among many other things, they have learned to improve their understanding and control of workflow, to increase the efficiency of materials handling, and to use flexible manufacturing systems.

It was the Japanese example which produced the paper aeroplanes as a study method. Hence too the classroom "card system," logging on paper the step by step process of ordering a component, from the first telephone call to an outside supplier, to the point at which it is installed on an engine.

One set of actions for one

piece of material required 70 cards, when it could theoretically be reduced to four. "So you've got to get down to that, whether it takes you two months, three months or 10 years," Mitchell says.

The Cummins factory at Shots, which produces 10 to 14 litre engines, reflects many of the changes sweeping through the company's plants. Rebuilt in the late 1970s and early 1980s, it has always demonstrated that Cummins is a company that thinks very hard about the way it does things.

In line with company policy it was designed by an architect. The car parks were located so that all staff walk to their open-plan offices through manufacturing areas.

As part of this drive, the plant's central stores are being broken apart, with the intention of bringing components straight on to the line on the "ship to use" principle.

What we have to have is a pulse," says Mitchell. "If you want 10 of something every day, you don't produce eight on one day and 12 the next."

This concept, long seen as crucial in Japanese manufacturing, has been given added impetus by last year's fundamental redesign of the Shots shopfloor organisation, in which it was split into separate businesses: machine shop, flow-line, the rest of the machine shop, assembly work, and final test and fitting.

Qualifications National standards for UK proposed

FOR A nation whose workforce and management tend to be on the under-qualified side, Britain has a remarkable number of organisations setting standards and handing out certificates, with these developments.

Some 250 professional bodies, 120 industry training organisations and 85 joint industry councils are involved in the task — all in addition to the 12 main vocational examining and validating bodies like the Business and Technician Education Council, the City and Guilds of London Institute, the Royal Society of Arts and Pitman's Examinations Institute.

The number of organisations active in the field will almost certainly go down — and, it is to be hoped, the value of vocational qualifications will go up — as a result of a report being considered by the Government.

It is proposed that there should be a new National Vocational Qualification, with five levels covering all grades of training and examination up to professional qualifications.

The end product would be akin to the General Certificate of Education system, where a number of examining boards operate within a common framework and set of standards.

In Britain by comparison — although some examining bodies are highly regarded internationally — there is far less of a defined structure to vocational training and qualifications. The BEC is currently moving

towards harmonisation of vocational qualifications across the community, and the new structures envisaged in the report would be compatible with these developments.

In order to test whether the introduction of a more orderly framework of qualifications would win acceptance in British industry, the working group carried out case studies in three sectors — hotel and catering, retail distribution and motor vehicle repair and maintenance.

If it is probable, the report is accepted by the Government, it may well have consequences beyond the introduction of a more coherent structure of vocational qualifications. One of the first tasks of the proposed national council would be to begin talks with the Secondary Examinations Council — which runs GCE, CSE and the forthcoming GCSE — about possible links between the GCE system and the new National Vocational Qualification.

Introduction of the Technical and Vocational Education Initiative for 14-18 year olds means that schools are now increasing their own vocational qualifications like BTEC and City and Guilds.

Another priority of the national council, alongside the standards, will be to establish a structure of new industry bodies to set standards of achievement for vocational qualifications.

This promises to give industrialists a real opportunity to help determine the content of training and could provoke the biggest re-examination of how industry organises training since the Government abolished most of the statutory training boards.

Alan Pike

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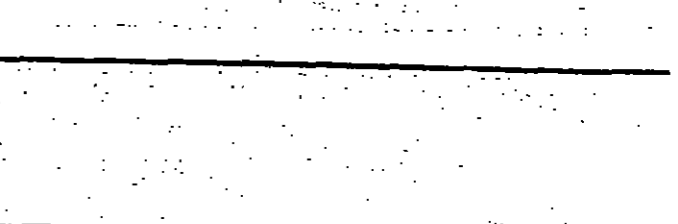
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INSURANCE

THE WEEK IN THE COURTS

Life insurers resist demand for wider disclosure

BY ERIC SHORT

TRADITIONAL life companies assemble today for what is almost certain to be one of the most eventful monthly meetings of the Life Insurance Council of the Association of British Insurers for many years.

Since the previous monthly meeting, the problems of one of its members, United Kingdom Provident Institution, have sent shockwaves through the traditional life assurance sector.

On top of this, the Marketing of Investments Board Organising Committee, which handles the marketing aspects of financial services, has issued its latest set of proposals, which are on disclosure requirements by companies to investors.

These proposals will require life companies to provide a considerable amount of detail about their products. Yet, Mr John Butterfill, Tory MP for Bourne-mouth West, an active campaigner on the Standing Committee on the Financial Services Bill, considers that as far as with-profits contracts are concerned Miboc's proposals do not go far enough.

The problems of UK Provident have brought home to life intermediaries that they cannot take for granted the security of a traditional mutual life company. Intermediaries are now seeking from life companies with whom they place business, information on their financial security.

If nothing else were happening, the LIC would have to tackle the question of member companies providing such information in a standard form that life intermediaries could readily understand.

Apparently, the information given in company accounts and the Department of Trade and Industry returns are too complex for intermediaries to understand.

However, life companies also face problems with the way the Financial Services Bill is developing.

The theme of the bill is the fuller disclosure of information. Intermediaries are now seeking from life companies details of financial security.

Life companies have argued that providing a large amount of information will add to their costs, which the consumer pays for, without providing any material benefit.

MPs on the Standing Committee passed amendments that would have required life companies to make full disclosure on commissions, charges and surrender and early-cash-in values. The apparent aim was for investors to see how much of their premiums were invested, how much the salesman

received on selling a particular contract, and the financial penalty for cashing-in early.

These amendments were only withdrawn on assurances from Mr Michael Howard, Minister for Corporate and Consumer Affairs, that the matter would be referred back to Miboc.

Miboc reported early last week with a set of detailed proposals on disclosure. These included:

• Disclosure of commission payments, not only to reveal any bias between life companies but also to reveal commission bias between different contracts;

• Disclosure of charges on life contracts and unit trusts where these are identifiable;

• Disclosure of estimated surrender or cash-in values with a comparison with the amount of premiums paid.

It is the disclosure of charges on with-profit business that is the cause of the current problems.

Unlike unit-linked business, where the charges are specific though somewhat complicated, with-profit business pools everything—investment gains and mortality. The only identifiable charge is the commission payment. The Miboc document was somewhat vague on charges for with-profit business.

However, Mr Butterfill is quite definite on the subject. While he generally welcomes the Miboc proposals as a step in the direction of the proposed amendments, they fall short of respect of with-profit contracts. As they stand, they would put with-profit business at a competitive advantage with unit-linked business.

He feels that at present investors offered with-profit contracts are buying a "pig in a poke"—a view reinforced by the UK Provident problems. He feels these companies should provide at least a breakdown of past costs and investment performance, including a return on capital before and after taxation.

Mr Weinberg stated that Miboc would look again at this point as part of its general discussions with the industry on the proposals.

One possible approach would be for life companies to provide much more information in the DTI returns under insurance company legislation—not a solution that would commend itself to Mr Butterfill.

Anyway the ball is in the court of Miboc and the life assurance industry—the LIC was not prepared to comment ahead of today's meeting. However Mr Butterfill warns that if Miboc does not come up with acceptable proposals he will put down amendments at the Report Stage of the Financial Services Bill and if necessary seek support from the Lords.

US Supreme Court to define limits of jurisdiction

THE US courts' habit of making direct orders for the disclosure of documents within the jurisdiction of foreign courts has caused trouble recently.

The US Supreme Court—after washing its hands of the issue on several earlier occasions—agreed at last to say what, if any, the limits are, to such extrajurisdictional orders defying the Hague Evidence Convention.

The court decided on April 21 to review the decision of the Federal Court of Appeals for the Fifth Circuit, which held in *Messerschmidt v Bolkow Blohm & Walker* that when they have personal jurisdiction over the defendant, US courts need not use the procedure provided by the Convention and can compel pre-trial discovery of documents held abroad directly, without going through foreign courts.

This issue has created much uneasiness and has even led to diplomatic conflicts, particularly in cases where banking secrets were involved. Not only US courts but US revenue authorities as well use a similar short cut. Instead of sending a letter of request to the courts of the country where the documents are, they try to compel a New York office to obtain it for them.

Such attempts to obtain documents which a bank is barred from disclosing by the law of the country in which it operates have been repeatedly rejected by foreign courts, most recently by the Hong Kong Court of Appeal

in the case of *Chase Manhattan*, and in the UK by Mr Justice Leggatt in *XAG v A Bank* (1983, 2 ALL ER 464).

Unlike the Hong Kong court, the English court did not reject the US order for discovery of documents absolutely, because it infringes the UK sovereignty, but on the balance of convenience, it reasoned that the US District Court which ordered the discovery was unlikely to go ahead with contempt proceedings against the bank if that bank were prohibited from complying with the order by an English court.

The Hague Convention was designed to avoid conflict between countries with differing rules on evidence in civil litigation. The difference is particularly great between common law countries, where discovery is managed by attorneys, and civil law countries, where judges decide what evidence may or should be produced.

There is also a substantial difference between the US and most other countries in that the US courts are willing to compel pre-trial discovery of documents which are only vaguely defined, held by third parties and of uncertain relevance to the dispute. Often such documents are requested by US plaintiffs in order to find some cause of action still undefined at the time of the request.

Most other countries, including the UK and Germany, are strongly opposed to such "fishing expeditions." For this reason, the Hague Convention provides that requests for documentary evidence from abroad should be addressed to the court within whose jurisdiction they lie.

Though the US ratified the Convention in 1972, the first

cases when defendants insisted on the use of its procedure arose in the US courts only in 1981 and 1982. Since then the number of such cases has rapidly increased. About 1,500 such cases are pending and at least 27 have already been decided.

The decisions of the courts are not uniform, though most seem to insist that there is no obligation to use only the procedure provided by the Convention and that the US court can compel the defendant over whom it has personal jurisdiction—as in the case of *Messerschmidt*, which has a US subsidiary—to bring the documents to the US and make them available to the other party.

The courts argue that as the documents are brought first to the US, their order does not present any interference with the judicial sovereignty of another state.

These arguments were repeated in the Appeal Court decision in the *Messerschmidt* case. *Messerschmidt's* request for judicial review is supported by the German Government, which argues that the vast majority of requests for production of documents located in Germany is made to parties subject to an American court's in personam jurisdiction.

Limiting its application to

cases when such jurisdiction does not exist would render the Convention meaningless.

This was not contemplated by the parties to the Convention, says the German Government.

The Federal Republic of Germany also considers it a violation of its sovereignty when a foreign court uses the threat of sanctions to force a person under the jurisdiction of German courts to remove documents from Germany to the US for the purpose of pre-trial discovery.

The German Government's arguments are opposed in an amicus curiae brief presented by the Department of Justice and the Department of State for the US Government. They insist that the history of the convention reveals no intention of prohibiting the accepted practice of conducting extrajurisdictional discovery according to US Federal and State rules.

American courts may exercise jurisdiction over a foreign party if its US contacts are sufficient to make it reasonable and just, and though they may use the procedure prescribed by the convention, they may also make direct orders. The US courts are virtually unanimous, states the brief, that the convention is not exclusive.

The US Government admits that international comity obliges US courts to give "respectful consideration to claims of foreign judicial sovereignty." But for this, there can be no fixed rules; in each



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The hand that taketh away also giveth a little back.

Nearly forty years ago, just after food rationing, the exchequer decreed that everyone be allowed the princely sum of three shillings a day, tax free, for lunch.

In those days a crisp new Luncheon Voucher would have bought you a 'Businessman's Lunch' of soup, meat and two veg with gravy and jam roly-poly; and probably a cup of tea and two slices for good measure.

Today 15p might just about buy you the cup of tea.

The basic allowance is clearly an anachronism and we are doing all we can to change it.

Nevertheless the tax position on Luncheon Vouchers is a lot better than might first appear.

Because as with staff canteens, they attract no National Insurance Contributions.

If you spend £1 a day as a cash allowance towards the cost of lunch, your staff would, after tax and NIC contributions, be left with 56p net.

If instead you gave a £1 Luncheon Voucher the same person would find themselves with 75p.

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your staff would get 35% more than if you'd given them cash.

These figures have impressed such financial giants as Commercial Union, American Express and Legal & General.

In fact some 14,000 companies of all shapes and sizes now pass on the benefits of Luncheon Vouchers to their employees.

Nor is Number 11 Downing Street the only posh address to accept them.

Many of the country's most salubrious establishments are as happy to take them as the Cherry Tree Café around the corner.

And the same, we suggest, can be said for your staff. For you needn't have the acumen of a financial director to recognise that a Luncheon Voucher is worth even more than money.

If we've sufficiently whetted your appetite and you'd like a closer look at Luncheon Vouchers, get your secretary to phone 01-935 4424 and ask for Chris Jones.

Alternatively, send your business card with a request for details to the same person at Luncheon Vouchers Ltd., 50 Vauxhall Bridge Road, London SW1V 2RS.

Advertisement for DEBFOR HOLDINGS plc. The advertisement includes the company name, incorporation details, share capital information, and a brief description of the company's business as a manufacturer of bras and co-ordinated lingerie garments. It also mentions the company's financial performance and provides contact information for Capel-Cure Myers.

Advertisement for R J HOARE Leasing Limited. The advertisement features a logo with a crown and the slogan 'We set more wheels in motion'. It provides contact information for the company, including a telephone number and a website address.

Vertical text on the right edge of the page, likely a page number or reference code.

EARLIER this month the Welsh Development Agency invited a select audience of bankers, brokers and investment managers to the birth of the Cardiff Consortium...

Formed by the agency itself and five City of London venture capital funds, the consortium is just the latest example of the WDA's more commercial approach to economic development.

It's a one-stop shop for entrepreneurs in need of equity finance, says Mr Waterstone, the WDA's chief executive. "It is the first ready-made syndicate in the venture capital industry."

This involvement with the world of private sector finance has become the touchstone for many of the WDA's activities and is mirrored north of the border by its counterpart in Glasgow, the Scottish Development Agency.

Both are just 10 years old, both were children of the Labour Party's thinking in the 1970s and both under private leadership have had to come to terms with Mrs Thatcher's economic philosophy in the 1980s.

"We are here to create prosperity," says Mr Waterstone, "not jobs. If jobs come, so much the better. But healthy and permanent jobs only come from healthy and permanent companies and we are seeking to create conditions in which healthy and permanent companies can operate."

Mr John Williams, the WDA's chairman, emphasises the point. "We now realise that you cannot solve the problems of the economy by throwing money at them."

In Scotland, Mr Robin Duthie, the SDA chairman, observes: "We should not be seen as the prime mover in business. Our role is that of pump primer, not major investor. We are a catalyst."

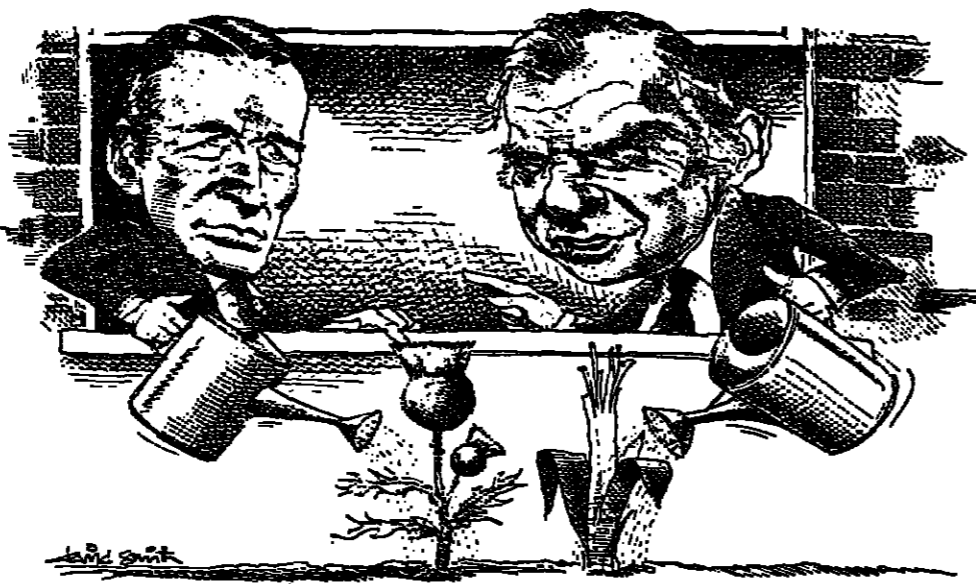
Such comments reflect the change of thinking since the heady days of 1978, when a more direct form of intervention was very much the political vogue.

Mr Willie Ross, then Secretary for Scotland, said the SDA had to "involve itself directly in industry". It was expected to "regenerate" the economy.

The work facing both agencies on inception was daunting. Wales and Scotland were still dominated by heavy industries: steel, coal, railways and the docks, with Scotland additionally having a major building and heavy engineering sector.

Both unemployment and social deprivation were higher on average than anywhere in the UK outside Northern Ireland.

The agencies were therefore told to accelerate their advance factory building programme to create jobs, to improve the



Tending their gardens: Robin Duthie of the SDA (left) and John Williams of the WDA.

Development agencies

Pump-priming is now the name of the game

By Anthony Moreton

environment through clearing urban dereliction, to take equity shares in companies and to attract footloose international companies.

This approach disappeared with the arrival of the Conservative Government in 1979. The town hall politicians and union leaders who called the shots were replaced by men from industry.

Not all the original aims disappeared. The WDA still undertakes a considerable amount of advance factory building and the SDA continues the work started in Glasgow's depressed East End by undertaking urban renewal projects in Leith, Dundee and Inverclyde.

Their role of catalyst is, however, far more important now. Mr Edward Cunningham, the SDA's director of planning and one of the few senior executives to have been with either agency from the beginning, says the SDA set out to create a new image for Scotland. But he confirms that the original aims are far less relevant now.

"Factory building is no longer an end in itself. When we began, the business community in the whole of the UK was standing aside from the real problems and we had to

look for sensible solutions to Scotland's problems. "We came to realise quickly that our primary function was economic, not social. It was to rebuild the economy, not just provide jobs. We now believe the aim should be to make the economy dynamic and vital, to help the creation of wealth in the country."

Echoing the words of Mr Waterstone in Cardiff he says that "Scotland has to be economically successful if its social problems are to be cured. "But we cannot do everything. We have to limit our ambitions and try to do what we have chosen to do very well."

Unlike the WDA, Mr Cunningham believes the SDA's role as an investment bank has become less important. This agency has pinpointed areas, such as offshore technology, health care, food processing and advanced engineering on which to concentrate its resources. It believes the emphasis is on the creation of the future, rather than those of the past.

In Wales, according to Mr Williams, the primary aim is now "to change the birth rate of businesses. Unemployment is very high, but we have to create businesses to absorb it. There is a scarce pool of in-

ward investment now and our thrust must be to induce Welsh firms to emerge."

The Cardiff Consortium is only one, if a major, way of doing this. The agency also has a programme of taking business appreciation to the schools and colleges.

"The Welsh, unlike the Scots, do not generally take kindly to business, have fewer entrepreneurs, and prefer to send their sons and daughters in pursuit of socially acceptable professions, especially teaching."

"All this has to end," says Mr Williams. "If it is to end we have to capture the imagination of young people early on and get them to see that business can be interesting and rewarding."

There is, meanwhile, a third agency in the UK, the Northern Ireland Industrial Development Board, which is sometimes overlooked. The problems of Ulster—not just the political ones—have dictated a different approach so the board is not strictly comparable with the two mainland agencies.

The board's role remains to alleviate unemployment and it continues to throw money at the problem, the De Lorean car company being the most famous recipient. It is a direct arm of

government, acutely conscious of the highly active and publicly conscious Industrial Development Authority (IDA) South of the border, with which it inevitably competes for internationally mobile inward investment.

The Northern Ireland government is most unwilling to relax its idea, although the board. The result is that senior posts rotate quickly—it has six directors and there have been at least as many changes in a relatively short period—and the decision making process tends to be cumbersome.

Both the SDA and the WDA have burned their fingers over some investments. Seven-figure sums have had to be written off in Scotland with Gomba Stonefield, the company intended to build four-wheel vehicles, and in Wales with P. Leiner, a leading gelatin manufacturer. Parrott, manufacturer of floppy discs, and most recently, Berlei, the lingerie concern.

After the Leiner fiasco, the WDA instituted new investment techniques.

The new approach by the SDA and the WDA, by contrast, could be a role model for any English agency which might emerge in the future. The Conservative party is now seriously considering including a promise in its next election manifesto to set up agencies for the North East, the North West and Devon and Cornwall, possibly even for the West Midlands.

Mr Norman Tebbit, party chairman, is said to be keen on the idea, although the Secretary for Trade and Industry, an irresponsible regional policy, he displayed no interest at all in the creation of English agencies and precious little in regional policy.

Mr Tebbit, however, would not doubt approve of the sentiment of Mr Duthie, who says that "the SDA, like God, helps those who help themselves."

Ten years ago there was considerable scepticism as to whether the agencies could do what they were asked to undertake. "That was understandable," says Mr Cunningham, "since we had been asked to do the wrong things. Now we are doing the right things and the credibility gap has been reduced."

"The challenge now is to get both Scotland and Wales moving fast enough to catch up economically with the rest of Britain."

The gap between the two countries and England has, in fact, narrowed. Now we are doing the right things and the wrong reasons. As the Welsh and Scottish economies have strengthened, parts of England have slipped back to the point where even the West Midlands can be portrayed as a depressed area.

Perhaps the time is ripe for it too, to have a little of Mr Duthie's divine intervention.

Insolvency in Britain How directors may be caught by the Act

By Alice Rawsthorn

THE CONFEDERATION of British Industry suspected it would "penalise manifestly honest and competent directors," the British Venture Capital Association claimed it would "stifle the growth of entrepreneurial industry," while the National Consumer Council warned that it would "catch nobody at the right time and everybody when it was too late."

After nine years of drafting, redrafting and a parliamentary career which embraced no fewer than 1200 amendments the Insolvency Act came into force last October.

The two most contentious provisions of the Act, on the disqualification and personal liability of the directors of insolvent companies, come into effect today.

The Government embarked upon the Leviathan process of overhauling the law on insolvency with the apparently innocuous objective of penalising unfit directors and of preventing companies from continuing to trade when insolvency was inevitable.

Unfortunately, hitting upon a formula for punishing unfit and incompetent directors, without penalising the innocent, proved much more difficult than the Government had anticipated.

None the less, for all the lobbying and counter-lobbying during its revision, the provisions for disqualifying unfit directors have met with general approval.

Under the new legislation, when a company becomes insolvent the "office holder"—generally the voluntary liquidator or administrative receiver—must scrutinise the conduct of its directors in the three years before insolvency.

Should the directors' conduct be deemed to be improper, a report will be submitted to the Department of Trade and Industry. The case will then be referred to court, which will decide whether a disqualification order should be taken out.

After all the fuss the Act has produced a sensible and workable procedure for practitioners to follow," says Roger

Smith, a partner in accountants, Peat Marwick Mitchell.

"A great deal of responsibility is placed on the office holder, but by setting up its disqualification unit the DTI has shown that it is prepared to give us the administrative support we need."

The provisions on the personal liability of the directors of insolvent companies have, however, turned out to be much more contentious.

This part of the Act has been devised to ensure that directors take prompt action to minimise losses to creditors once the failure of the company seems

amended to try to take account of this—and of the position of the inexperienced directors of relatively small companies who have previously had no need for sophisticated financial skills—but the wording of the amendment is thought to be open to misinterpretation.

The Bill was also amended to make provision for non-executive directors who may be able to identify problems, but through no fault of their own, are unable to remedy them. However, there are lingering doubts about this amendment.

"The position of banks and of company doctors—new management teams which are drafted in at the last minute to cope with the problems caused by the old regime—is also ambiguous.

"When the Act was drafted there was no intention of penalising those who act honestly and properly in the best interests of their company and its creditors," says Roger Smith.

"For these directors the best defence is efficiency. They will have to keep better records of the company's affairs, to take a more objective view of its prospects and to have a finer appreciation of what continuing to trade will imply."

"There is, however, a danger that directors will be so concerned about the risk of incurring personal liability under the new legislation that they will be inhibited in their attempts to salvage the company."

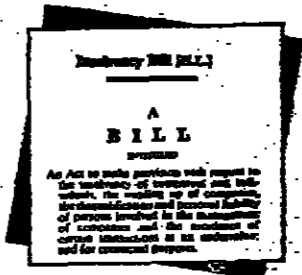
"Directors don't know enough about the new legislation and are likely to be over-cautious in their approach," says Stephen Adamson, a senior partner in Arthur Young.

"When a company runs into problems there is a chance that the directors will panic and take a premature decision to put it into liquidation, when it might have scraped through."

Eventually all these areas of ambiguity will be clarified by case law, which will indicate how the courts intend to interpret and thus implement the Insolvency Act.

"But building up case law is a very lengthy process," says Adamson. "In the meantime, we all face months, even years, of uncertainty."

The Insolvency Bill was



Contracts and Tenders

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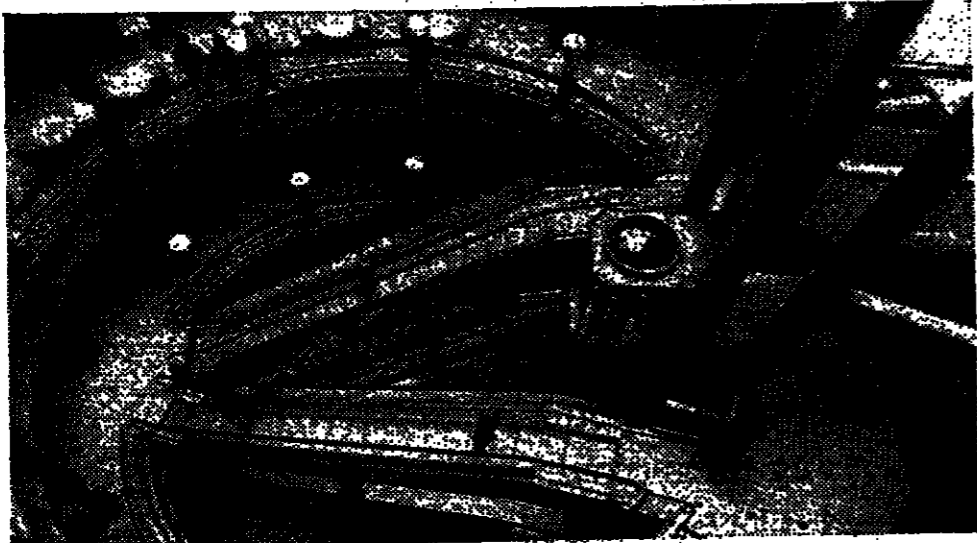
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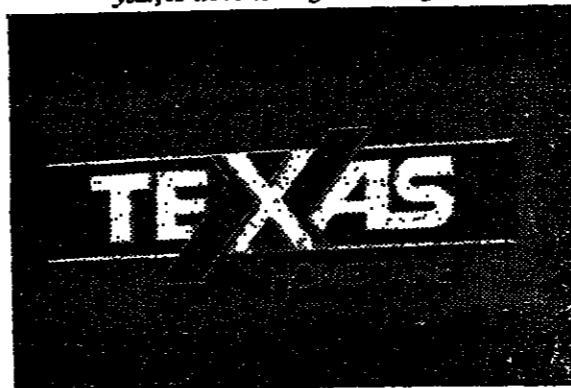
Some of the most breathtaking modern architecture is seen in the new shopping centres. Ladbroke are leading the way with this 100,000 sq. ft. development covered by a giant glass atrium.

Our investment in publishing is bringing good results. With the recent acquisition of Seneas we now own 74 titles.



We're looking overseas for growth in our holiday business. Our 1,000 bed villa development in Eilat, Israel, is already operating very successfully. A similar development in Lanzarote has just opened.

At Texas Homecare, turnover for the first quarter of 1986 was 30% up on the same period last year, so we're coming in on a high.



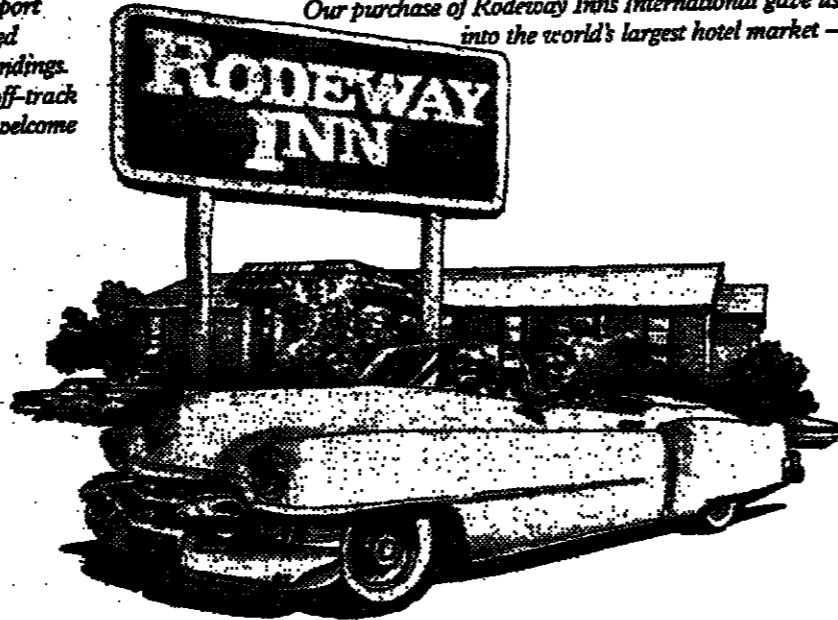
This is Manhattan Tower, a 275,000 sq. ft. 35-storey Ladbroke development in the heart of New York City. It's high rise and high rent and typical of our quality projects in America. In 1985, the property division contributed £18m to group profits.

Thanks to new legislation, the sport of kings can now be watched in more palatial surroundings. As world leaders in off-track betting, Ladbroke welcome the changes.



What's smarter? Owning hotels where people want to stay or where they have to stay? We've become one of the top two hotel chains in Britain by building and buying businesslike hotels that businessmen like.

Our purchase of Rodeway Inns International gave us an entry into the world's largest hotel market - America.



With the acquisition of Home Charm last week, Ladbroke made sure that 1986 is going to be even more exciting than 1985.

Last year we made record profits of £75 million - 50% up on 1984.

Our three core businesses all performed well.

Hotels, property and racing achieved a combined increase in pre-tax profit of 42% while the entertainments division boosted its profit contribution by 35%.

Last year was certainly a high point in Ladbroke's history and the future has never looked more exciting.

Trading under the Texas Homecare brand name, Home Charm is one of the top two DIY chains in Britain.

It owns 136 superstores and during 1986 we plan to open 21 new ones.

Ladbroke Hotels are now one of the top two hotel chains in Britain and growing fast.

We've recently opened new hotels at Swansea, Livingston and Basingstoke and we're currently building at Manchester Airport and Portsmouth.

In London we're relaunching the Curzon in Mayfair and the Sherlock Holmes in Baker Street (where else?).

Because our hotel business caters primarily for the businessman who has to travel we're less dependent on tourism than many hotel groups.

By next winter we'll have invested £15 million bringing the 22 hotels we bought from the Comfort Group up to Ladbroke standards. (And need we say it, Ladbroke profitability.)

Our racing division had an outstanding year in 1985 and with over 1,500 shops in

the U.K. we increased our share of the off-track betting market to over 21%.

In Belgium we own over 800 betting shops and last year we bought a race course in Michigan.

(When legislation allows off-track betting, we'll be ready for the off.)

In Holland, we've recently been granted an initial, 20 year exclusive licence to carry out betting, on and off-track.

But the most pleasing development happened here in Britain earlier this year.

For the first time, betting shops were allowed to show live TV and satellite coverage of sporting events and to provide new facilities for their customers.

We have already invested in the most modern communication and computer technology to give our clients a service that's second to none.

Our U.S.A. properties are establishing a substantial rental stream and valuable assets.

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Ladbroke.

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FINANCIAL TIMES

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Monday April 28 1986

Warm words, cold figures

THE HEADS of government travelling to Tokyo this week for the economic summit will find it unusually relaxing this year to take as their reading matter for the journey the International Monetary Fund's World Economic Outlook, which is published today. The IMF may be notoriously unpopular in the developing world, but it is easy to see from this year's outlook why it is so deeply respected by finance ministers from the leading industrialised countries. Whether they come from Washington or Tokyo, London or Bonn, finance ministers will find nothing to upset or worry them in the IMF's comments on world economic policies and prospects this year.

Indeed, despite the habitual clamour about the "considerable uncertainty" in the international environment this year, the summit leaders could easily infer from the IMF's comments that the world economy is healthier than it has been for years—and that little of anything is needed by way of new policies from the major industrialised countries. To the extent that the IMF does call for concrete policy adjustments, it concentrates on the Third World. Here it urges further reductions in government deficits and exchange rate flexibility, particularly in the energy exporting countries, but to a lesser extent among oil importers as well.

When it comes to the industrialised countries, the IMF's advice is more guarded. It tells governments little they have not already said a hundred times themselves. It takes pains to welcome in principle the calls by Mr James Baker, the US Treasury Secretary, for greater co-ordination of macro-economic and exchange rate policies. But the practical steps which it suggests are so hedged about with qualifications that the Fund could readily be seen by Japan and Germany as an ally in their resistance to Mr Baker's demands for faster growth. In the case of Germany, this caution is particularly marked. Germany is expected to grow by 3.5 per cent in 1986 and this, the Fund points out, is above the rate of growth of the country's "productive potential". Thus, only if the US budget is cut, if German growth slows and if signs of excess demand remain

"I'VE GOT eight pairs of cowboy boots and I have never drunk champagne out of any of them," jokes George Nigh, Oklahoma's governor, as his twin-engine Piper Bechcraft heads south towards Seminole, which was once one of the state's biggest oil boom towns. The Governor is on yet another morale-boosting mission in a state which has been among the hardest hit by the dramatic drop in the price of oil. He has few answers for the worried businessmen who come to listen to him in Seminole's "Gusher" hotel.

Unemployment is climbing across the state, oil production is falling as an increasing number of Oklahoma's 80,000 high-cost "stripper" wells, which dribble out less than 10 barrels a day, are shut down. State tax revenues are evaporating, public employees are being laid off and bankruptcies are rising rapidly. Oklahoma has been badly damaged by the collapse in world oil prices which comes on top of a serious recession in local agriculture, the state's second biggest industry. Its problems are symptomatic of the agonising re-alignment that is now going on in both the Government and private sector throughout the US "Oil Patch" of Texas, Louisiana and Oklahoma, which produce over three-quarters of the country's natural gas and half of its crude oil.

"We face a traumatic financial crisis," says Governor Nigh, who came to power in the late-1970s when Oklahoma City was being made and lost overnight, and Bill Patterson, a local banker. Entertainment out-of-town clients by guzzling beer out of his boot at "Cowboys," a local bar. Mr Patterson's employer, Oklahoma City's Penn Square Bank, closed its doors on July 3, 1982, an event which rocked the financial world and eventually forced the US Government to come to the rescue of Continental Illinois, the eighth biggest US bank, which had closed its doors with Square.

As a result of Mr Patterson and others, Oklahoma City finds its hard to live down its frontier town image. It is still remembered as the city that popped up out of the prairie between noon and sunset on April 22, 1905. Oklahoma sits in the middle of the US "oil patch." Oil and gas provide close to a quarter of state revenues and two-thirds of Oklahoma's oil is produced from high-cost "stripper" wells compared with the 14 per cent national average. While the state's financial problems are not yet acute as those of neighbouring Louisiana, where unemployment is the highest in the nation, it is more dependent on the energy business than Texas, its larger neighbour to the south, and has more to lose if

THE US OIL PATCH

Not such a beautiful morning

By William Hall in New York



The reality of Oklahoma today... rising unemployment, abandoned oil wells, failed banks and spending cuts

Oil and gas have dominated the Oklahoma economy for the last 60 years. The state capital in Oklahoma City is surrounded by working oil rigs, and some of America's biggest oil fortunes were made locally. J. Paul Getty drilled his first oil well near Tulsa, Frank Phillips, a barber from Nebraska, founded the company which bears his name in nearby Bartlesville, and Dean McGee, a brilliant geologist, and Oklahoma senator Robert Kerr, founded Kerr-McGee in Oklahoma City less than 50 years ago.

Oklahoma prospered when oil prices were reaching new peaks five years ago. While the rest of the US was in recession, families from the "rust belt" states of the north and mid-west flocked south to find work in the Oklahoma oil fields. Unemployment dropped below 3 per cent, 885 drilling rigs were operating at the peak in 1982 and 114,000 workers were employed in the local oil industry. Today, less than 60,000 are employed in the oil fields, the at the neighbouring TRW Reda plant which makes submersible pumps for the world oil industry. For a town of 38,000 people, such levels of job cuts are traumatic.

starts dismantling and the economic safety net underlying the state is suddenly full of holes," says Mr Graves. He believes that many Oklahomans have not yet realised what has hit them. This should begin to change as the 100,000 or more royalty owners begin receiving much smaller cheques from their interests in local oil wells within the next few weeks. George Tallchief, the chief of the Osage tribe which used to collect almost \$100m a year in royalties through its ownership of Oklahoma's most prolific oil field, says his tribe is already making adjustments. "They may have to trade down from a Lincoln Towncar to a Volkswagen and may not be able to renew their membership of the country club."

Oklahoma's banks have already been hit by the harsh realities of lower oil prices. Last year a record 13 banks failed in Oklahoma and First Oklahoma Bank Corporation, Oklahoma's largest bank holding group, summed up the views of many local bankers in its latest quarterly earnings statement. "We believe that both Congress and the Administration will ultimately recognize that national security will not permit the US to become hostage to foreign oil. And when they do, the economy of our region should rebound vigorously."

Oklahoma's bankers, common with local politicians, dare not think what would happen to the local economy if oil prices were to stay down at current levels. "When oil falls from \$20 a barrel to \$18 a barrel, I can say what it does to income tax revenues and sales and property tax revenues," comments Mr Odie Nance, chairman of the Oklahoma Tax Commission. "But when it falls from \$28 to \$12, then I am going to really start guessing what the ripple effects are going to be. I have no historical experience."

Cuts of close to a fifth in state spending have already been made under the assumption that oil prices will average \$18 a barrel over the next 12 months. Some 4,000 local school-teachers have already received lay-off notices. If the price of oil does not recover soon from its current level of under \$12 a barrel, more cuts in essential state services for the elderly and handicapped will be necessary.

"We are on the fringe of a crisis and we do not want to go over the line," says Governor Nigh, who like the rest of Oklahoma's 3.3m residents is trying to come to terms with an economic phenomenon which is outside his control.

Will Oklahoma's problems, like those of the other "oil patch" states, spill over into the political process at the national level? It is too soon to tell. Oklahoma's banks are in serious trouble and Vice-President Bush has already indicated that if the price of oil stabilised at less than \$12 a barrel, substantial financial institutions in the US would be hurt and the Government would become involved, whether it wanted to or not. Then there is the problem of maintaining the fabric of local services. "State governments have not really addressed the issue of what it takes to run local government in this period of lower oil prices," says Glenn Cox, president of Phillips Petroleum. "They find it extremely difficult to make adjustments. Meanwhile, Governor Nigh, a lifelong Democrat, in common with his colleagues in other energy-producing states, is turning to Congress for help in much the same way as other states seek help for their ailing steel and automobile industries. He has joined forces with Oklahoma's Republican Senator Don Nickles, to press for an oil import fee to protect the local high cost "stripper" wells from cheap foreign imports. But he believes that his chances of convincing the Administration are slim. "All these people are for Ronald Reagan and they cannot understand that he has abandoned them. They like him personally. They may disagree with his energy policies but they blame his staff for keeping the information from him. They are not mad at him. It is amazing."

A hydra-headed farm policy

WHAT GROWS bigger every time before the farm ministers will check its increase? The cost of the Common Agricultural Policy of the European Community, of course. Last week's session of the 12 farm ministers brought forth the same depressing report. They emerged proudly from their ordeal having agreed on something close to a price freeze. Concessions to farmers will cost the relatively small farm products so as to make them saleable on the dollar-denominated world market.

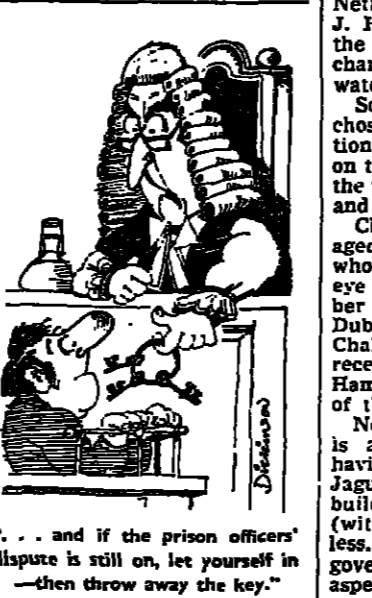
None the less, the farm ministers will have to report to today's meeting of finance ministers that the farm policy will this year cost Ecu 1.5bn more than expected. In the current jargon the reasons are exogenous, meaning that they are beyond the farm ministers' control. The chief of these reasons is that the decline of the US dollar has increased the cost of subsidising exports of farm products so as to make them saleable on the dollar-denominated world market.

An increase of Ecu 1.5bn breaks the guidelines for budget discipline agreed within the Community, and the finance ministers would be well within their rights if they told their colleagues to try a bit harder. But political realism suggests that, however desirable, further cuts may not be possible for this year.

Not that the farm ministers have been timid. By imposing a levy on cereals brought to market, which in effect will cut the intervention or minimum price by 3 per cent, they have braved the wrath of the farm lobby. **Boldest proposal** The ministers also screwed up their courage to reduce milk production quotas by 3 per cent over a three-year period. In doing so they cut across the national interests of several member states, especially that of Ireland. Perhaps the boldest proposal they considered was to cease intervening to support the price of beef. Doing so would have amounted to dismantling, at least temporarily, a key element of the farm policy. There are other products whose prices are not supported by intervention, but they are less important than beef.

Team change for BL

BL is preparing for the arrival of its new chairman, Graham Day, who is thought to be Mrs Thatcher's personal choice to stiffen sinews in the r's tors group. The BL management would be well advised to prepare another offer for Peter Thompson, aged 39, who has been Day's personal assistant at British Shipbuilders for the past three years. Thompson, an assistant secretary at the Department of Trade and Industry, who has been on secondment to work for Day, has just resigned from the Civil Service. I expect him to accompany Day into BL. With 18 years Civil Service experience Thompson is wily in Whitehall ways. He worked in the private offices of both Tony Benn and Eric Varley when they were ministers. His experience in the shipbuilding division of the DTI led to his secondment to British Shipbuilders. Recently he has been seen with those former Civil Service colleagues who are in the thick of the BL mêlée. He will have learned that BL will be an even



Men and Matters

Challen claims that the water flotation which could raise \$2bn for the Chancellor of the Exchequer - will create a new investment sector in Britain. The 10 authorities, he says, will be monopolies in their areas but will have to compete for investors and capital in an active market.

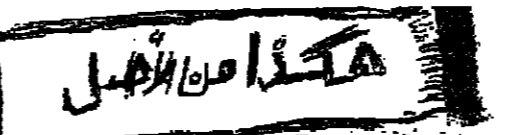
Distant drum How do you mislay something that weighs 300 tonnes and is 100 feet long? Ask Northern Engineering Industries. The company's oversight gave its rival Babcock Power a few chuckles recently. It all happened in India. NEI, which is building a power station there, mislaid a steam drum supplied by Babcock. The tractor hauling the drum broke down in the country far from human habitation. It was shunted off the road, and then vanished from official notice. Babcock denied all responsibility ("It was shipped job", said a company man) but cheerfully offered NEI to tender for a replacement.

Fighting spirit Turks who raise a glass of Scotch whisky enjoy a virtuous feeling that they are contributing to their country's national defence. A recent official requirement by the authorities is that every bottle of Scotch whisky sold must carry a label indicating that its price includes a donation of 100 Turkish Lira (about \$10) to the Turkish "defence industries promotion fund". Not unnaturally the Scotch Whisky Association feels it is no part of its job to help cold war or other people's funds. Neither is it over-keen to have its products linked with the arms industry. So the SWA has protested about the imposition to the European Commission in Brussels.

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SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES
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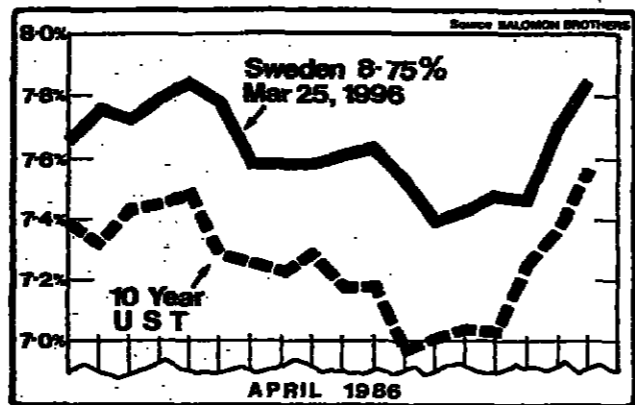


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INTERNATIONAL BONDS

Wall Street casts a long shadow across Europe

THE Eurobond market was likely to become sick from a surfeit of recent issues last week. The process, however, turned out to be more violent and unpleasant than anticipated. The dollar plummeted on foreign exchanges, sending the Treasury long bond tumbling by eight points on the week, writes Claire Pearson in London. The fortunes of this benchmark stock cast a long shadow across both Eurodollar and the so-called currency sectors all week so that trading was nervous and thin. When active, traders sold while retail investors stayed on the sidelines. Having seen the Treasury market move so erratically, traders left their desks on Friday night with continuing unease. US Treasury auctions are scheduled for next Wednesday. With the dramatic fall in the dollar making further US interest rate cuts soon increasingly unlikely, traders see no light at the end of the tunnel. The markdown in prices was a necessary correction but, at best, the market may now enter a period



Some new issues did not take advantage of this because they were either tightly priced or subordinated, thus limiting interest from UK investors. However, Citicorp's generous ¼ point spread over the London interbank bid rate ensured buying interest from Japanese if not European investors. Price falls in the secondary markets of the "currency" sectors

At the start of the week, yields on Ecu bonds were about 50 basis points below their theoretical average based on interest rates in component currencies. By Friday this difference had narrowed to 15 basis points. Bankers were hoping that, given a reasonably stable exchange rate environment, the market could stabilise with yields around 7 per cent.

In the sterling market, turnover was low as Eurobond traders watched gilt traders watching New York, and there were no positive domestic factors to offset post-base rate cut depression. A long-dated sterling issue for a UK borrower, Wellcome, surfaced. While the reception to this bond was reasonably good, traders report that most long-term sterling issues, a crop of which has appeared since March, seem vulnerable to a market fall. European investors have steered clear of them recently and domestic demand has diminished with the passing of earlier market euphoria. The much-heralded arrival of the UK domestic corporate debt market

Li Kashing to act on tribunal finding

CHEUNG KONG, the Hong Kong flag ship company of Mr Li Kashing, has challenged the findings of an 18-month tribunal investigation that found Mr Li and three other Cheung Kong executives guilty of culpable insider dealing. The Insider Dealing Tribunal, set up by the Hong Kong Government, was set up in November 1984 to investigate trading in the shares of International City Holdings (ICH) in the first half of 1984. ICH is controlled by Cheung Kong. ICH was at that time involved in an abortive HK\$300m (US\$115.6m) property deal with a subsidiary of Everbright, the Peking-linked group headed by Mr Wang Guangyung, one of China's leading "red capitalists". The share price of ICH moved violently during the period under review. Only on withdrawal did it become widely known that the original agreement had included a "break clause" that enabled Everbright to cancel the deal at no cost. A total of eight executives were censured by the tribunal. Starpeace, a share-trading subsidiary of Cheung Kong, was also found guilty of culpable insider dealing. Mr Chow Chin-No, a director of Starpeace and ICH, and financial controller of Cheung Kong, arranged the sale of 50m ICH shares held by Starpeace during the period under investigation. Mr Chow was found by the tribunal to have "a high level of culpability." Mr Li, who "demonstrably fed relevant information" to Mr Chow, was also found to have a high level of culpability. Cheung Kong at the weekend challenged the conclusions of the tribunal, saying it did not agree that its executives, the company, or Starpeace were involved in culpable insider trading "either individually or as a group." It pointed to the tribunal's finding that no executives had been involved in insider dealings for their personal account.

CREDITS AND EURONOTES

Dai-Ichi Kangyo pulls off French coup in Eurocredit market

DAI-ICHI KANGYO Bank has pulled off a coup in the Eurocredit market by becoming the first Japanese bank to win a sole mandate from a state-guaranteed French borrower. The deal, announced on Friday, is an Ecu 125m term loan and revolving credit for Caisse Nationale des Télécommunications, writes Peter Montagnon in London. It quickly became a talking point not just because Dai-Ichi had snatched the mandate from under the noses of its foreign competitors but also because the terms are predictably tight and the structure unusually complicated. The credit is divided into two tranches each with an eight-year bullet maturity and each bearing in-

terest at the London interbank offered rate (Libor). The first tranche is an Ecu 100m standby loan while the balance is a term loan of Ecu 25m, which the borrower is committed to keep fully drawn throughout its life. The idea is that the 30 basis point utilisation fee on this portion will compensate banks for the total absence of any facility fee. On a straightline average this works out at a commitment fee for the whole facility of six basis points a year. Once CNT draws on the revolving loan, the utilisation fee drops to 25 basis points, though the minimum drawing on this portion must be at least Ecu 30m so that the utilisation fee can continue to substitute for a facility fee. These figures assume that banks would be prepared to lend to CNT for eight years at Libor flat. If a notional loan margin is incorporated into the calculation the value of the utilisation fee as a substitute for facility fees shrinks accordingly and could quickly drop below the benchmark level of five basis points. That, of course, would stimulate Electricité de France, which is preparing a much larger programme, to seek even tighter terms, but Dai-Ichi argues that it is wrong to factor in a notional margin. Many Euro-note facilities these days do not allow for any utilisation fee if small amounts are drawn. In this case the utilisation fee is a generous one and the deal, if fully drawn, would still

give an effective margin of ¼ per cent over Libor. This argument seems to have won the day. The deal, which is a club operation, was quickly put together on Friday and only three of the five participating banks were Japanese. One advantage this deal has is that it is at least a credit rather than a Eurocredit facility, even if the bulk of it takes a standby form. There is growing evidence in the Eurocredit market that banks are growing tired of underwriting Eurocredit facilities on very fine fees and anything which leaves out this option is generally greeted with relief. Hungary's latest deal, which carries a margin of just ¼ per cent for the first two years of its eight-year life, has, for example, done very well in syndication and is now oversubscribed. Banks are considering an increase, though by a maximum of only \$50m to \$300m. Also launched on fine terms last week was a \$615m, five-year credit for Iveco, Italy's regional development authority. This carries a margin on drawings of 10 basis points and a commitment fee of 8½ points. It is led by J. Henry Schroder Wagg and Fuji Bank. In the Eurocommercial paper market SNCF is preparing a \$594m programme that will be backed up by its \$600m facility arranged last year. The launch of stand-alone commercial paper, separate from standby facilities, is a growing fashion in this market. Last week Nationale Nederlanden, the Dutch insurance company, launched a \$325m paper programme which will be integrated into the loan facility arranged for it by Bank of America last year. All 24 banks on the tender panel for this operation will be invited to become dealers though some will obviously be more active than others. Elsewhere Morgan Guaranty and Country Bank have put a \$100m paper programme in place for Nippon Steel. In the sterling market National Westminster is arranging a £50m, seven-year credit facility for John Mowlem, the construction company.

Skanska profits drop

SKANSKA, the Swedish construction and investment group, reported its profit before allocations and taxes for 1985 fell from SKr 919m (\$131.2m) to SKr 811m, and announced the resignation of Mr Birger Loewhagen, its president. He will be replaced by Mr Lars-Ove Haakansson, first executive vice president. The final result was somewhat below the earlier forecast made at the nine-month point for earnings of SKr 850m. This was attributed to delayed settlements on several important contracts. Profitability in the domestic construction market has further eroded due to overcapacity and higher costs. However, there were signs that the prolonged fall in building investments had been stemmed. House building continued to slide but industrial construction picked up sharply. Income on property and financial management also improved last year. However, the group expected 1986 earnings to be unchanged on those achieved last year.

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INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Sell-off raises doubts about viability of rally

THE US credit market rally came to a shuddering halt last week as investors, unsettled by the sharp decline in the dollar, launched a sell-off which Salomon Brothers called "the largest one-week price retreat in history."

The dollar fell to a post-war low against the yen and to four-year lows against the D-Mark and sterling following the FED discount rate cut.

As Dr Henry Kaufman of Salomon Brothers notes, the events leading to the sell-off — which saw prices at the long end plunge by almost six full points and the Treasury long bond yield jump by 40 basis points in just four days — cast doubt on the continued viability of the rally.

Nevertheless, he like other senior Wall Street economists, remains cautious about calling the rally "finished". Dr Kaufman says "most view the rally to be confirmed by an improving outlook for economic growth."

UK GILTS

London gets away with modest losses

THE UK gilt market came off lightly last week by comparison with its US cousin. Many stocks still ended with losses of 2 1/2 points, and the FT Actuaries high coupon yield gave up 18 basis points and finished the week at 8.91 per cent. Yet these were modest losses in comparison with Wall Street's swings.

A mood of caution has, however, crept in that was little in evidence in earlier weeks. In part this shows the success of the Bank of England's efforts to put the money markets into a holding pattern before they start to think about the next cut in bank base rates. It makes a change to see one month inter bank rate above the current base rate, and three-month rates not already discounting the next half-point cut. There is also an increased willingness to look for the possibility of bad news on the economic front.

The most consistently bad news around is the rate of growth of UK unit labour costs, so it is perhaps not surprising

US MONEY MARKET RATES (%) and US BOND PRICES AND YIELDS (%) tables showing rates for various instruments and bond prices/yields.

interest rates. He suggested that both Japan and West Germany have "considerable growth potential". Mr Volcker also voiced his concern that the dollar's decline "wasn't exactly a free fall, but it did seem to impact credit markets."

that both the Chancellor and the Employment Secretary have in recent months become louder in their calls for moderation in wage settlements. The Bank of England, of course, has repeated this call in its quarterly bulletin for many a moon. The cries have been heard, if only in the House of Commons. Indeed a Treasury and Civil Service Committee, in its report on the 1986 Budget issued last week, accused the Government of adopting an undeclared unit labour cost target in setting its interest rate policy.

One other reason reared its

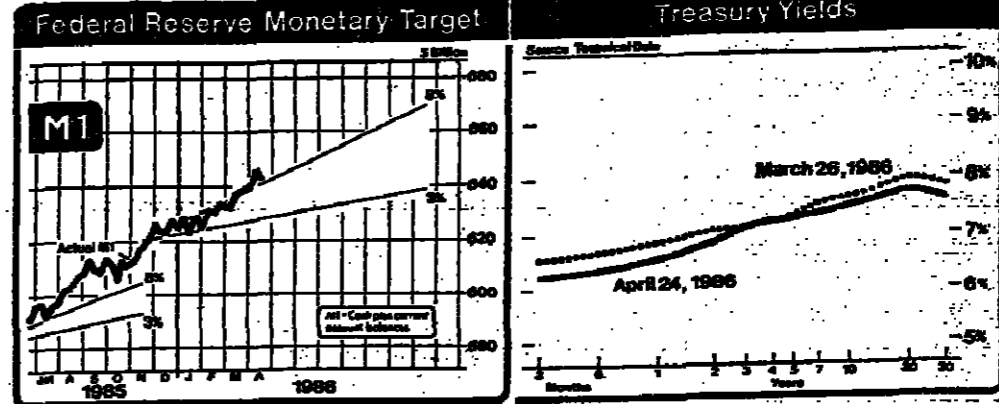
believed to have bought up to 20 per cent of recent offerings of the longer maturity government paper (10 years or more), the nervousness is understandable, and all the more so when the markets face the prospect of an unprecedented flood of new Treasury paper in the next 10 days.

On Wednesday, the Treasury is due to announce details of its quarterly refunding, which will take place next week. Wall Street expects the package to total between \$24bn and \$26bn aimed at raising up to \$12.5bn in new money or about a third of the estimated total new money the Treasury needs to raise during the April-June quarter.

The re-funding is likely to comprise a package of three-year and 10-year notes together with \$7.5bn of 30-year long bonds. While the forthcoming auctions and concern about possibly dwindling foreign demand are probably the main negative factors affecting the credit markets, they are not the only ones.

deficit by 1987," said Mr Stephen Lewis, chief economist at broker Phillips & Drew. "This will probably be a bearish influence on UK financial markets, since there is no sign that the non-oil position will right itself in the foreseeable future. This points to a sustained wide differential of UK interest rates over interest rates elsewhere if sterling is to remain stable." The decline in the value of sterling since the beginning of the year could have some beneficial effect in the coming months, but adverse cost trends may continue to dampen exports.

George Graham



monetary policy at a time when other considerations would argue for further easing. A clearer picture of the current state of the US economy should emerge with the publication of the March leading economic indicators tomorrow and other statistics, including the April employment data, on Friday.

The final negative reading of the dollar's decline revolves around oil and inflation. The US credit markets fear that the sharply falling dollar could eventually lead to higher import prices and a revival of dormant inflationary pressures — particularly since most market economists now believe the decline in oil prices has all but run its course.

FT/AIBD INTERNATIONAL BOND SERVICE

Table listing international bond service details including country, issue type, and price/yield information.

Advertisement for Hanson Trust PLC 10% Bonds Due 2006, featuring a logo and a list of participating banks and institutions.

Large table of international bond listings with columns for country, issue details, and market data.

STRAIGHT BONDS: Yield to redemption of the mid-price. Amount issued in billions. Floating Rate Notes: US dollars unless indicated. Margin above six-month coupon. Convertible Bonds: US dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

American Motors cuts loss by \$10m

BY WILLIAM HALL IN NEW YORK

AMERICAN MOTORS (AMC), the US car company in which France's Renault has a 46 per cent stake, has reported sharply reduced losses of \$13.9m or 20 cents a share in its first quarter of 1986, against losses of \$23m (29 cents a share) a year earlier.

Noranda in gold mine deal to reduce debt

By Bernard Simen in Toronto

NORANDA, THE financially stretched Canadian resources and industrial group, will shave \$222m (US\$159m) from its debt by selling its preferred entitlement to profits from a gold mine at Hemlo, western Ontario, in which it has a 50 per cent interest.

TWA warns of terrorist factor as deficit grows

BY OUR NEW YORK STAFF

TRANS WORLD AIRLINES (TWA) the US air carrier, yesterday blamed terrorist attacks, among other factors, for a significantly higher \$169.6m first quarter net loss and warned of a substantial adverse impact on TWA's second quarter as well.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrowers, Amount \$m, Maturity, Au. life years, Coupon %, Price, Book Runner, Offer yield %. Lists various international bond issues including U.S. Dollars, Canadian Dollars, Australian Dollars, D-Marks, Swiss Francs, Sterling, ECU, French Francs, Luxembourg Francs, Yen, and others.

Mobil issues 'poison pill'

BY OUR NEW YORK STAFF

MOBIL OIL, the second biggest US oil company, yesterday announced that it was maintaining its quarterly dividend of 55 cents a share and issuing its shareholders with a "poison pill" to protect the company against hostile takeover attempts.

Profit at Capital Cities

BY WILLIAM HALL IN NEW YORK

CAPITAL CITIES ABC, formed earlier this year after Capital Cities' \$3.5bn takeover of the ABC broadcasting group, earned \$1.9m on revenues of \$912m in its first quarter.

De La Rue buys Hastech

BY WILLIAM HALL IN NEW YORK

HASTECH, the private US electronic printing equipment company, has been bought by Cranfield Electronics, the printing equipment subsidiary of De La Rue, the diversified British security printer.

Spanish telecom group to seek New York listing

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

TELEFONICA, Spain's rapidly growing telecommunications concern, which last year introduced its shares to Japanese and European stock exchanges, is to seek a listing in New York.

Spanish telecom group to seek New York listing

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Advertisement for Coca-Cola Financial Corporation and United Technologies Corporation. Includes logos, financial details like 'New Zealand \$75,000,000' and 'Italian Lire 50,000,000,000', and lists of banks and financial institutions.

UK COMPANY NEWS

RECENT ISSUES

Tip Top Drugstores floats off 3.2m shares

BY LUCY KELLAWAY

Tip Top Drugstores, the largest drugstore in the north east of England and Scotland, is joining the stock market valued at £18.6m. It will join Superdrug and Share Drug, two of the three big national drugstore chains, which have been floated in the last three years.

new systems and a broad tier of senior management has been added to the group. About 65 potential sites for opening shops in Scotland and the North-West have been identified, and contracts have been exchanged for seven new stores.

comment It should not be necessary these days to explain to a fund manager what a drugstore is, while he may never have shopped in one, he will have seen what their shares can do for a portfolio.

Antler proceeds to pay up debt

By Terry Povey

ANTLER, the luggage and travel goods company, is joining the USM through an offer for sale of 3.5m shares at 130p. The offer values the company at £7.6m.

Harris and Sheldon, the private holding company which owns Antler, will be the main beneficiary of the share sale. Of the 3.5m shares on offer, 1.63m will be sold by the parent and 1.87m will be new shares.

Combined Lease offered at 125p

BY RICHARD TOMKINS

Combined Lease Finance, the equipment leasing company which specialises in computers, prestige cars and industrial plant, today publishes the prospectus for its offer for sale, which values the company at £23.7m.

Pre-tax profits have risen from £30,000 in 1981—the year after the company's foundation—to £1.4m last year. At the offer price of 125p, the historic p/e ratio is 11.2, so putting the company at a small premium to computer leasing companies such as Atlantic Computers and United Leasing.

reduction in the larger lessor's tax-based advantage will enable it to increase its market share. The company also believes that the market for non tax-based leasing will grow, citing experience in Western Europe and Japan to support its view.

Some 5.17m CFL shares are being offered, of which 4.02m will be issued by the company to raise £4.5m net. CFL says the increased capital base will support the funds needed to finance its expansion.

EQUITIES

Table with columns: Issue Price, Amount, Date, Stock, High, Low, etc. Includes entries for Chillingham Corp, Davies (D.V.), etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Date, Stock, High, Low, etc. Includes entries for ASDA Prop, ASDA Land, etc.

RIGHTS OFFERS

Table with columns: Issue Price, Amount, Date, Stock, High, Low, etc. Includes entries for ASDA Prop, ASDA Land, etc.

Announcement dates usually last day for dealing free of stamp duty. Figures based on prospectus estimates. * Assumed dividend and yield. † Forward dividend by latest date updated. ‡ Dividend in cash. § Dividend in shares. ¶ Dividend in cash and shares. ** Dividend in cash and shares. †† Dividend in cash and shares.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. Dates shown are those of last year's announcements except where the forthcoming board meeting (indicated thus) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year".

Table with columns: Date, Announcement, Date, Announcement. Lists various companies and their dividend dates.

BASE LENDING RATES

Table with columns: Bank Name, Rate. Lists various banks and their base lending rates.

CITICORP U.S. \$350,000,000 Subordinated Floating Rate Notes

Notice is hereby given that the rate of interest has been fixed at 7 1/8% in respect of the Original Notes and 7.1875% in respect of the Enhancement Notes...

April 28, 1986, London. By: Citibank, N.A. (CSI Dept), Agent Bank CITIBANK

Southeast Stadium lower but final payout lifted

LOWER PRE-TAX profits of £50,935 against £115,837 have been announced by Southeast Stadium for 1985. After more than 50 years as an entertainment complex, the stadium closed in December, and the company completed its conversion to a property company.

comment There can be little doubt that Rowe & Pitman is bringing a quality product to the market although many would be more sympathetic to the issue if some of the money being raised was staying within the business.

Bestwood bid is extended

Bestwood, which is making a takeover bid for the Country Gentleman's Association, in competition with an agreed offer from Fredericks Place Group, has extended its bid to May 9.

Dee Corporation

Dee Corporation, the Gateway and Carrefour supermarkets group, is selling 16 former international stores to Heron Property Corporation for an undisclosed sum. The sites were surplus to requirements, Dee said.

Martin Ford

Martin Ford, the ladieswear retailer, which announced in February that it had received several bid approaches, said on Friday that it was still evaluating a number of proposals from persons interested in making an offer for the company.

Huntleigh rises 39%

Huntleigh Technology increased its pre-tax profits by 39 per cent from £739,000 to £1,033,000 in 1985, despite a doubtful debt provision of £142,000. The doubtful debts were associated with the level of reimbursement by Medicaid in the US, which has caused an indeterminate slow-down in payments.

expenses of introducing new products to the market place, coupled with the reductions in the US, will have an adverse effect on the first half of 1986. A final dividend of 1p net will be paid, making a total of 1.5p for this USM-quoted company.

comment

There can be little doubt that Rowe & Pitman is bringing a quality product to the market although many would be more sympathetic to the issue if some of the money being raised was staying within the business.

Woolworth expresses anger over claims by Dixons

Woolworth Holdings responded angrily last night to claims made by Dixons over the weekend that Woolworth was pulling out of the High Street, and letting the retail revolution pass it by.

Mr Stanley Kalms' chairman of Dixons, which is due to present its own takeover offer for Woolworth today, is unable "to comprehend the scale, complexity and diversity of the Woolworth Group operation."

Anglo-African at £1.8m

Anglo-African Finance reports pre-tax income of £1.84m for 1985 against £8.32m for the 17 months to end-1984. In addition to the change in accounting period, the figures are not directly comparable, directors state, due to the marked deterioration in the rand/pound exchange rate.

Mr Geoff Mulcahy, Woolworth's chief executive said yesterday that the takeover offer and a half year Woolworth had added about 2m square feet of selling space and 7,000 new jobs.

tax took £1.03m (£4.96m), and the share of after-tax results of related companies' debts was £2,000 (£51,000). There were also minorities and preference dividends of £906,000 (£2.81m), leaving attributable losses of £105,000 (£80,000). Losses per 7.5p share amounted to 1.1p (0.7p). There is again no dividend.

McKechnie urges rejection

McKechnie Brothers, the Midlands metals and plastics group, has started its defence against an unwelcome bid worth £161m from Evered Holdings, the acquisitive engineering company, with a strongly worded letter to shareholders urging them to reject the offer.

that there is no industrial logic to the bid, that its value "represents a paltry premium" over the share price before the bid was launched. Further, he argues that Evered's share price is dangerously dependent on a programme of opportunistic and apparently random acquisitions of chronically weak companies.

SHARE STAKES

CHANGES in company share stakes announced over the past week include: Etam—The following directors have disposed of shares: Mr J. E. Fitzsim 500,000; Mr R. S. Lindemann 300,000; Mr H. E. S. Wheeler 75,000; Mr H. E. Woolf 350,000, and Mr M. F. Drake 3,500 shares.

Kwik Save—Mr Ian McKinlay Hows, a director, acquired 80,000 ordinary shares, increasing total holding to 380,000 shares. Davies and Newman—Mr R. F. Tindall acquired 194,130 ordinary shares, increasing his beneficial holding to 565,272 shares (8 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

Table with columns: Company Name, Meeting Date. Lists various companies and their board meeting dates.

Advertisement for EUROPEAN INVESTMENT BANK, Luxembourg. DM 150,000,000 5 1/2% Bearer Bonds of 1986/1998. Offering Price: 99%. Lists various banks and their contact information.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Secs, Fixed Interest, Ordinary, Gold Mines, etc. LABROKE INDEX table showing 1,355-1,361 (+9).

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INTL. APPOINTMENTS

Michelin elects new managing partner

By Paul Betts in Paris

MICHELIN, the French tyre group which is the world's second largest tyre maker after Goodyear of the US, has named a new managing partner who will join Mr Francois Michelin and his cousin...

experience with Michelin, having worked both in the UK and more recently in the US, where he has headed the industrial operations of Michelin, which owns five plants there.

The Michelin structure, the company is headed by so-called "Associés Commanditaires", or managing partners who are deemed to hold the same powers and share the same liabilities.

Dealer team Borg-Warner head resigns at Drexel

By Clare Pearson

DREXEL BURNHAM Lambert Securities' five-strong team of floating rate note traders resigned on Friday. They are expected to join one of the large Japanese securities houses.

BORG-WARNER Corporation, the diversified industrial concern with products ranging from transport equipment to chemicals and into other fields, has elected Mr Clarence E. "Red" Johnson chief executive.

of Teledyne, the Los Angeles-based diversified industrial concern, has proposed that the title of chief executive be transferred to Mr George Roberts, currently president and a director.

Merck chairman

MERCK & CO, the New Jersey manufacturer of ethical drugs, has announced that Mr P. Roy Vagelos, its president and chief executive, has been appointed to the added post of chairman, reports Reuter from Rahway.

Mr James F. Beré remains chairman, while Mr Johnson is to continue as president and chief operating officer, posts he took up in January, 1984.

Mr Johnson, 69, who will remain chairman, says the change does not necessarily mean substantial change in the company's operations.

Retailing to 1996 FT FINANCIAL TIMES CONFERENCE London, 15 & 16 May 1986

Hambrecht chief quits

By Louise Kehoe in San Francisco

HAMBRECHT and QUIST, the San Francisco investment banking group, lost its president last week. Mr Thomas Volpe has resigned as president and chief executive, and the co-founder and chairman, Mr William R. Hambrecht, is re-assuming these titles.

Mr Volpe, aged 35, who joined Hambrecht and Quist in 1981, and has been president and chief executive for slightly more than a year, has offered no reasons for his sudden decision, but apparently he has no immediate business plans.

FT CROSSWORD PUZZLE No 6,008

CROSSWORD PUZZLE grid with numbers 1-31 and PROTEUS title.

- ACROSS 1 Deal with the French workman first (6) 2 North-eastern writer with article on drug-yielding plant (8) 3 Bird having to come down on fence (6) 4 Pick up trace and point to game (6) 5 Is, arguably with politician about sports equipment (6) 6 Renegade with brown cane (6) 7 Provider of clean clothes for lady in armed conflict (6) 8 He may fight to be private perhaps (7) 9 Traveller in corded cloth (3) 10 One about to show anger (3) 11 Commonly poisons the jointed bits (6) 12 Geometrical line an editor strives for (8) 13 Went on stage it seemed (8) 14 Mistrusts are holding mariner up (6) 15 Some forty-three go past in rising to culmination (6) 16 Chain wound round tea-can (6) 17 Make clear to bench (6) 18 The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

BANK HANDLOWY W. WARSZAWIE S.A. Registered Office: WARSZAWA (POLAND) Floating Rate Notes 1978-1988

FT UNIT TRUST INFORMATION SERVICE

Table of Unit Trusts with columns for Name, Manager, Assets, and Performance. Includes sub-sections for Authorised Unit Trusts and various fund categories like Equity, Bond, and Money Market.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, companies, and their details. Includes columns for company names, product names, and numerical values.

INSURANCES section listing various insurance companies and their details.

Handwritten signature or stamp at the bottom center of the page.

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, company, and performance metrics.

Table listing various money funds with columns for fund name, company, and performance metrics.

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OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS

3-month call rates

Vertical text on the right edge of the page, possibly a page number or margin note.

BRITISH FUNDS

Table listing British Funds with columns for Fund Name, Price, Last, Div, Yield, and % Chg. Includes sections for 'Shorts' (Lives up to Five Years) and 'Over Fifteen Years'.

AMERICANS

Table listing American Funds with columns for Fund Name, Price, Last, Div, Yield, and % Chg. Includes sections for 'Shorts' (Lives up to Five Years) and 'Over Fifteen Years'.

LONDON SHARE SERVICE

Table listing various London Share Service categories including BUILDING, TIMBER, ROADS, DRAPERY & STORES, ELECTRICALS, CHEMICALS, PLASTICS, and BANKS, HP & LEASING.

ENGINEERING

Table listing Engineering companies and their stock prices, including sections for 'Continued' and 'Electricals'.

INDUSTRIALS

Table listing Industrial companies and their stock prices, including sections for 'Continued' and 'Miscellaneous'.

INT. BANK AND OSEAS GOVT STERLING ISSUES

Table listing International Bank and Overseas Government Sterling issues with columns for Issue Name, Price, Last, Div, Yield, and % Chg.

CORPORATION BONDS

Table listing Corporation Bonds with columns for Bond Name, Price, Last, Div, Yield, and % Chg.

COMMONWEALTH & AFRICAN BONDS

Table listing Commonwealth and African Bonds with columns for Bond Name, Price, Last, Div, Yield, and % Chg.

FOREIGN BONDS & RAILS

Table listing Foreign Bonds and Rails with columns for Bond Name, Price, Last, Div, Yield, and % Chg.

BANKS, HP & LEASING

Table listing Banks, HP & Leasing companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

BEERS, WINES & SPIRITS

Table listing Beers, Wines & Spirits companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

BUILDING, TIMBER, ROADS

Table listing Building, Timber, Roads companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

AMERICANS

Table listing American companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

DRAPERY & STORES

Table listing Drapery & Stores companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

ENGINEERING

Table listing Engineering companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

HOTELS AND CATERERS

Table listing Hotels and Caterers companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

INDUSTRIALS (Miscellaneous)

Table listing Miscellaneous Industrial companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

FOOD, GROCERIES, ETC.

Table listing Food, Groceries, etc. companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

HOTELS AND CATERERS

Table listing Hotels and Caterers companies with columns for Company Name, Price, Last, Div, Yield, and % Chg.

INDUSTRIALS (Miscellaneous)

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APPOINTMENTS

Johnson Matthey restructures

JOHNSON MATTHEY has reorganised its operating structure into four new divisions and made the following appointments: In the catalytic systems division Mr W. J. Quindlen is appointed president. The general manager (North America) is Mr K. E. Arnold; the general manager autocatalyst (Europe), Mr P. G. Emmel; the general manager equipment (Europe), Mr W. J. Lutsley; and the general manager (Australia), Mr D. O'Hagan. In the materials technology division Mr E. S. Cooper is appointed division director; Mr J. W. E. Pennington, managing director (Europe); Mr E. J. Gross, executive vice president (North America); Mr N. Brown, managing director (Pacific); Mr K. E. Davies, managing director (South Africa); and Mr D. G. Titcombe, projects director. The precious metals division has Mr D. V. Violet as director and Mr R. Gooch operations director within the colours and printing division. Mr M. B. Stringfellow, president, Johnson Matthey Inc. will direct worldwide business development in electronics and in biomedical products.

has been appointed chairman of Hawker Siddeley Dynamics Engineering. Mr Gerry Howell has been made managing director of Westinghouse Signals. Mr Hugh Hayes has been appointed managing director of Oldham Batteries and Mr Jim Whiteside has become finance director.

Mr W. R. Felham has been appointed a director of LLOYD THOMPSON from May 1.

Mr Vlad Stancic has been appointed to the newly created position of director of personnel at SPICER AND PEGLER.

STORM DOORS has appointed Mr Christopher J. Dixon to sales and marketing director. He was sales and marketing manager.

Mr David Money-Coutts has been appointed chairman of NATIONAL WESTMINSTER BANK'S south-east regional board, succeeding Mr Peter Coleclough, who retires from both the main and regional boards on April 28. Mr Money-Coutts, who has served on the regional board since 1989, is a director of the bank and chairman of Coutts and Company.

Mr Gahan has recently acted as chairman of the group's plastics and domestic engineering companies. Mr W. S. Jordan remains group chairman with particular responsibilities for overall group strategy and development.

VALE MATERIALS HANDLING has appointed Mr Graham E. Rose as sales and marketing director. He was general sales manager — UK construction equipment at J. I. Case group.

The CHELSEA BUILDING SOCIETY has appointed Mr Maurice G. Hart to its board.

Mr John Elliott, former group training manager with Philips Electronics UK, has become director of the INSTITUTE OF MANPOWER STUDIES.

Mr Terry King has been appointed director and general manager of CIMEX, a member of the BTR group. He was sales director (UK).

Mr Ian R. Walker, managing director of Hampsons recently acquired subsidiary, Ian Walker Furniture, has been appointed to the main board of HAMPSON INDUSTRIES.

Mr Anthony Beaumont Dark has resigned as non-executive chairman of BIRMINGHAM

EXECUTIVE AIRWAYS, but will remain on the board. Mr Geoffrey Simmonds who is a major shareholder and has been on the board for some 12 months, has agreed to take over the chairmanship.

Mr Michael J. Gordon has resumed his chairmanship of TAYLOR WOODROW MANAGEMENT AND ENGINEERING, the group's process plant contracting arm. He has been seconded to the Channel Tunnel Group as managing director and chief executive.

Mr Timothy Retallack and Mr Gordon Shaw will retire from FRESHFIELDS on April 30. Mr Guy Morton, Mr Barry O'Brien, Mr Vincent Clemenson, Mr Edward Evans, Mr Graham Prestice and Mr Ian Terry will join the partnership on May 1.

After an absence of nearly two years, YAMAICHI INTERNATIONAL (EUROPE) has reappointed Mr Minoru Harada as managing director to assist Mr Hiroshi Ishihara, managing director and chief executive.

TRANSLOBE UNDERWRITING MANAGEMENT (GUERNSEY), part of the English & American Insurance Group has appointed Mr Martin C. Belcher and Mr Michael E. J. Ferrett as directors.

The following appointments have been made by HAWKER SIDDELEY: Mr Eddie Tyson

CONSTRUCTION CONTRACTS

Gateshead shopping centre

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

RUSH AND TOMPKINS is in line for contracts worth £150m for building shopping and business centres for Tyneside entrepreneur Cameron Hall Developments. The contractor is now completing a £70m design and construct contract to build Cameron Hall's first major shopping centre, the Gateshead Metrocentre, near Newcastle on Tyneside, which will open for trading tomorrow.

Mr John Hall, chairman and managing director of Cameron Hall, is now planning three more Metrocentres in Exeter, the Midlands and Scotland, and plans to let the building contracts for these, which will be worth around £50m each, to Rush and Tompkins.

Mr Hall is also planning to let the £40m contract for building the final phase of the Metrocentre—a business park, hotel and office complex next to the shopping centre—to Rush and Tompkins. "We've gone through the learning curve of building the Metrocentre together and I'm too old to train another builder," he said.

The Gateshead Metrocentre is the largest indoor shopping and leisure complex in Europe. The 116,000 sq ft Carrefour Hypermarket and 30 smaller shops opening on Tuesday will be followed by a 150,000 sq ft Marks and Spencer and further smaller shops.

When completed in 1987, the Metrocentre will also include an undercover funfair, 10-screen cinema and antiquities market, giving a 1.8m

sq ft version of what Mr Hall describes as a "combination of market square, week-end bazaar and street scene, without the weather and which will extend a shopping trip from one or two hours to six hours and a day out for all the family."

The Metrocentre has 100 metre long glass-roofed malls connecting the shops, enclosing trees, tropical plants, fountains and waterfalls. "It's the prototype of new shopping developments for the next 10 or 15 years," said Mr Hall. It will cater for an area where most of the people in work are earning a lot of money and where there is a tradition of free spending, he explained.

The Metrocentre—which will involve an investment of £150m including fitting out by the tenants and will create an estimated 6,900 new full-time jobs and 9,000 part time—has been built on a 100 acre derelict site which was the ash tip for the disused Dunston power station.

Draining the site and preparing the ground for building cost the developer £8m. But the main problem, said Mr Hall, was getting the centre built fast enough. He estimates that the first phase of the centre is opening between a year and 18 months earlier than would have been possible using more conventional methods than the "flexitack" building contract evolved by Rush and Tompkins and Cameron Hall.

"And with a rent roll of £10m a year that is a considerable saving," he said.

Mr Rob Nicholls, Northern divisional chairman of Rush and Tompkins, describes "Flexitack" as "a quite different philosophy to normal management contracting."

"It is a fast track manage, design and build contract where we started work when nothing but the perimeter of the buildings were designed so we could begin piling. We worked to a price based on a few known elements and price packages for each stage to be completed before the final contract price was known," he said.

As a result, work was in progress long before the companies, who would eventually take the shops, had decided upon the final shape they wanted to take. This meant that the design could accommodate their specific requirements.

It also meant that Rush and Tompkins started work in November 1984 on a project where the final contract was not signed until September 1985—by which time the company had already carried out work worth more than £20m.

"It would have given a more conventional contractor a heart attack," said Mr Hall. "But it meant that we could put together the scheme by Michaelangelo sketches where other contractors would have demanded detailed drawings before they could start."

Rush and Tompkins now has a workload worth £75m a year in its northern region, up from £12m a year five years ago.

Shand
Committed to Construction

Shand Ltd.
Shand House, Mallock
Derbyshire DE2 3AF
Tel: (0629) 734441

Yorkshire road works

ALFRED McALPINE has been awarded a contract worth £14.25m by the Department of Transport for roadworks in Stocksbridge, South Yorkshire. The contract involves the construction of 11.8km of single carriageway, 7.2km of side and slip roads, and 11 bridges one over the River Don, to form a link from the A616 to the west of Stocksbridge through to the M1. It will entail the excavation of approximately one million cu metres of material, at least half of which is rock, and the treatment of old coal mine shafts and workings. The two-year contract commenced on April 14.

Joint venture wins orders

Chorley Engineering's joint venture arrangement with Rosen Engineering of West Germany has procured four contracts for electronic gauging of pipe lines worth £200,000. They are for Shell North Sea, Total Oil Marine North Sea, Neste Oy, the Finnish Gas Authority and the multi project mid line Fawley to Kingsbury Project for Pencil Consulting Engineers. Chorley Rentair has won on-going contracts totalling £250,000 with Rolls Royce, British Steel, NEC and a number of off-shore companies.

Mixed batch for Galliford Group


GALLIFORD GROUP companies have won contracts worth £16m. Galliford and Sons, APW Construction, Kottler and Heron and Stamford have won over 60 contracts, the largest individual contract is for the Marston Moretaine bypass at £2.2m for Bedfordshire County Council awarded to Kottler and Heron at Northampton; Galliford and Sons has obtained a contract with Milton Keynes Development Corporation for the E24 infrastructure contract for £663,000 and the Mansfield to Rainworth Mineral Railway land reclamation for Nottinghamshire County Council priced at £74,770. Stamford Construction, operating in the Eastern Counties, has won over £1m worth of orders, the

largest of which is for alterations to existing buildings at Queens School, Wisbech for Cambridgeshire County Council (£466,000). A new company, Galliford Pipeline Services, has obtained a contract from Anglian Water, Oundle division for the reconstruction of water mains in Northampton Area 2 worth £1m. The building companies have won contracts across the Midlands, the most significant being Wincott Galliford's award for the construction of an inner city sports complex for the Coventry and Warwickshire Awards Trust worth £780,000. They have also obtained a contract for a leisure centre for Northampton Borough Council working for Conder Projects Midlands (£504,654). APW Construction at Worcester also

TREMCO
WEATHERPROOFING SYSTEMS FOR ROOFS

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This advertisement complies with the requirements of the Council of The Stock Exchange.



Province of Manitoba
(CANADA)
U.S. \$150,000,000
7½% Debentures due May 20, 1996 Series AX

The following have agreed to subscribe or procure subscribers for the Debentures:


Wood Gundy Inc.	Banque Nationale de Paris
Union Bank of Switzerland (Securities) Limited	Credit Suisse First Boston Limited
CIBC Limited	Kredietbank N.V.
IBJ International Limited	The Nikko Securities Co., (Europe) Ltd.
Merrill Lynch International & Co.	Richardson Greenshields of Canada (U.K.) Limited
Orion Royal Bank Limited	Swiss Bank Corporation International Limited
Salomon Brothers International Limited	Westdeutsche Landesbank Girozentrale

Application has been made to the Council of The Stock Exchange for the Debentures, issued at 100¼ per cent., to be admitted to the Official List, subject only to the issue of the temporary global debenture. Interest on the Debentures will be payable annually in arrear on May 20, beginning May 20, 1987. Particulars of the Debentures, in the form of an Extel card, are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including April 30, 1986 from the Company Announcements Office of The Stock Exchange and up to and including May 12, 1986 from:—

R. Nivison & Co. 25 Austin Friars London EC2N 2JB	Wood Gundy Inc. 30 Finsbury Square London EC2A 1SB	Orion Royal Bank Limited 1 London Wall London EC2Y 5JX
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April 28, 1986

This advertisement complies with the requirements of the Council of The Stock Exchange.



The Regional Municipality of Ottawa-Carleton
(CANADA)

Canadian \$40,000,000
9% Debentures due May 15, 1998
Issue Price 100¼%

and

Canadian \$15,000,000
9% Debentures due May 15, 2006
Issue Price 100¼%

The following have agreed to subscribe or procure subscribers for the above Debentures:

Wood Gundy Inc.	Banque Internationale à Luxembourg S.A.
Banque Bruxelles Lambert S.A.	IBJ International Limited
Great Pacific Capital S.A.	Merrill Lynch International & Co.
Lévesque, Beaubien Inc.	The Nikko Securities Co., (Europe) Ltd.
Morgan Guaranty Ltd	Société Générale
Orion Royal Bank Limited	S. G. Warburg & Co. Ltd.
Union Bank of Switzerland (Securities) Limited	
Yasuda Trust Europe Limited	

Application has been made to the Council of The Stock Exchange for the Debentures to be admitted to the Official List, subject only to the issue of the two global interim debentures. Interest on the Debentures will be payable annually in arrear on May 15, beginning May 15, 1987. Particulars of the Debentures, in the form of an Extel Card, are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including April 30, 1986 from the Company Announcements Office of The Stock Exchange and up to and including May 12, 1986 from:—

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April 28, 1986

COUNTY SECURITIES LIMITED
a Member of
The Stock Exchange,
is pleased to announce
the 100 per cent acquisition
of stockbrokers
Fielding, Newson-Smith & Co.
and stockjobbers
County Bisgood Limited.

COUNTY BANK
A National Westminster Bank Group

Handwritten signature or stamp at the bottom center of the page.

WORLD STOCK MARKETS

AUSTRIA

Table of Austrian stock market data including indices and individual stock prices for April 25, 1988.

GERMANY

Table of German stock market data including indices and individual stock prices for April 25, 1988.

AUSTRALIA

Table of Australian stock market data including indices and individual stock prices for April 25, 1988.

JAPAN

Table of Japanese stock market data including indices and individual stock prices for April 25, 1988.

CANADA

Table of Canadian stock market data including indices and individual stock prices for April 25, 1988.

TORONTO

Table of Toronto stock market data including indices and individual stock prices for April 25, 1988.

MONTREAL

Table of Montreal stock market data including indices and individual stock prices for April 25, 1988.

NETHERLANDS

Table of Dutch stock market data including indices and individual stock prices for April 25, 1988.

FRANCE

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HONG KONG

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SWEDEN

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SWITZERLAND

Table of Swiss stock market data including indices and individual stock prices for April 25, 1988.

SPAIN

Table of Spanish stock market data including indices and individual stock prices for April 25, 1988.

ITALY

Table of Italian stock market data including indices and individual stock prices for April 25, 1988.

NORWAY

Table of Norwegian stock market data including indices and individual stock prices for April 25, 1988.

SOUTH AFRICA

Table of South African stock market data including indices and individual stock prices for April 25, 1988.

NEW YORK INDICES

Table of New York stock market indices for April 25, 1988.

NYSE COMPOSITE PRICES

Table of NYSE composite stock prices for April 25, 1988.

OVER-THE-COUNTER

Table of over-the-counter stock market data for April 25, 1988.

FINANCIAL TIMES

Because we live in financial times. Advertisement for Financial Times.

NEW YORK ACTIVE STOCKS

Table of active New York stock market data for April 25, 1988.

CANADA

Table of Canadian stock market data including indices and individual stock prices for April 25, 1988.

SWITZERLAND

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Closing prices, April 25

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized in columns with headers like '12 Month High', 'Low', 'Stock', 'Dr', 'Yld', 'P/E', '100s High', 'Low', 'Close', 'Open', 'Prev Close', 'Change', 'Volume', 'Bid', 'Ask', 'Last Sale', 'Settlement', 'Open Interest', 'Volume', 'Bid', 'Ask', 'Last Sale', 'Settlement', 'Open Interest'.

Continued on Page 31

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices for various stocks, including columns for stock name, price, and change.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices for various stocks, including columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices, April 28

Table of Over-the-Counter (Nasdaq) closing prices for various stocks, including columns for stock name, price, and change.

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar pauses for breath

BY COLIN MILLHAM

Profit taking and covering of short positions led to a slightly more stable dollar at the end of last week. A technical correction was inevitable after a fall from ¥150 on April 8 to a record trading low of less than ¥167 in Tokyo last Thursday. The partial recovery to ¥168.15 at the Friday close in London may prove to be only a pause for breath, however, before the US currency begins another period of weakness.

£ IN NEW YORK

Table with columns: April 25, Close, Prev. close. Rows for 1 month, 3 months, 6 months, 12 months.

The subsequent recovery to ¥180 before the end of March, followed the first flare-up between the US and Libya, and the announcement that Mr Preston Martin was to resign as vice chairman of the Federal Reserve Board.

During April various attempts have been made by Japanese ministers to stabilise the dollar, but without much success. Apart from trying to talk the dollar up, the Bank of Japan has intervened from time to time to support the US currency.

stronger hand in shoring up the dollar through reversing, or at least halting, the downward trend in US interest rates. Falling yields on US Government paper has led to suggestions of Japanese disinvestment in the Treasury bond market.

This is obviously a sensitive subject, and Japanese investment in US Government paper is at a high enough level where it cannot be in the interest of the US or Japan to see the bond market collapse, through a sudden lack of confidence.

Nevertheless, the downward drift in the value of the dollar seems set to continue, after a brief pause.

Economic fundamentals have not changed. US economic growth is sluggish, as illustrated by last week's announcement that March durable goods orders fell 2.5 per cent. US March trade figures are due for release on Wednesday, and the market will be looking for signs that the weaker dollar is beginning to cut the very large trade deficit, particularly with Japan.

LIFFE LONG GILT FUTURES OPTIONS

Table with columns: Strike, Call, Put, Last, etc. Rows for various strike prices.

LIFFE EURO-DOLLAR

Table with columns: Strike, Call, Put, Last, etc. Rows for various strike prices.

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LIFFE US TREASURY BOND FUTURES OPTIONS

Table with columns: Strike, Call, Put, Last, etc. Rows for various strike prices.

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CURRENCY MOVEMENTS

Table with columns: April 25, Bank of England, Morgan Guaranty, etc. Rows for various currencies.

OTHER CURRENCIES

Table with columns: April 25, £, \$, etc. Rows for various currencies.

CURRENCY RATES

Table with columns: April 25, Bank rate, Special Drawing Rights, etc. Rows for various currencies.

LONDON

Table with columns: 20-year 12% National Gilt, etc. Rows for various bonds.

THREE-MONTH EURO-DOLLAR

Table with columns: Strike, Call, Put, Last, etc. Rows for various strike prices.

US TREASURY BILLS (90D)

Table with columns: Strike, Call, Put, Last, etc. Rows for various strike prices.

THREE-MONTH EURO-DOLLAR (90D)

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POUND SPOT—FORWARD AGAINST POUND

Table with columns: April 25, Day's spread, Close, etc. Rows for various currencies.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Table with columns: April 25, Day's spread, Close, etc. Rows for various currencies.

EURO-CURRENCY INTEREST RATES

Table with columns: April 25, Short term, 7 days notice, etc. Rows for various currencies.

EXCHANGE CROSS RATES

Table with columns: April 25, £, \$, DM, etc. Rows for various currencies.

FORWARD RATES AGAINST STERLING

Table with columns: Spot, 1-month, 3-month, etc. Rows for various currencies.

NEW YORK RATES

Table with columns: Prime rate, Fed funds rate, etc. Rows for various rates.

BANK OF ENGLAND TREASURY BILL TENDER

Table with columns: April 25, April 18, April 25, April 18. Rows for various bills.

FT LONDON INTERBANK FIXING

Table with columns: April 25, Over night, 7 days, etc. Rows for various rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: ECU amounts, % change, etc. Rows for various currencies.

MONEY MARKETS

Bank gets its message through

The Bank of England set back hopes of another cut in clearing bank base rates, by its action in the London money market last week. On Monday the authorities acted quickly to make sure the market did not think that the previous Friday's cut of 3 per cent to 10 1/2 per cent in base rates was merely a prelude to another reduction.

NEW YORK RATES

Bank gets its message through

made it clear that the houses could either sell their bills, or keep them, in order to sell at a higher profit when interest rates were cut. The market then sold more of its shorter dated paper, as it was clear there would be no immediate cut in rates.

BANK OF ENGLAND TREASURY BILL TENDER

Bank gets its message through

The signal was reinforced on Tuesday, when the discount houses were again invited to borrow from the Bank of England again offered funds for seven days, but increased the interest rate to 11 1/2 per cent. Further sales were not required, as the authorities had

FT LONDON INTERBANK FIXING

Bank gets its message through

The fixing rates are the arithmetic means, rounded to the nearest sixteenth, of the bid and offered rates for \$10m quoted by the market to

WEEKLY CHANGE IN WORLD INTEREST RATES

Table with columns: LONDON, NEW YORK, BRUSSELS, AMSTERDAM, etc. Rows for various currencies.

LONDON MONEY RATES

Table with columns: April 25, Over night, 7 days, etc. Rows for various rates.

LONDON MONEY RATES

Table with columns: April 25, Over night, 7 days, etc. Rows for various rates.

LONDON MONEY RATES

Table with columns: April 25, Over night, 7 days, etc. Rows for various rates.

MONEY RATES

Table with columns: April 25, Ovr-night, One Month, etc. Rows for various currencies.

LONDON MONEY RATES

Table with columns: April 25, Over night, 7 days, etc. Rows for various rates.

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MITSUI FINANCE ASIA LIMITED (Incorporated in the Cayman Islands) US\$150,000,000 Guaranteed Floating-Rate Notes 1997

ECU 150,000,000 IRELAND Floating Rate Notes due 1997

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